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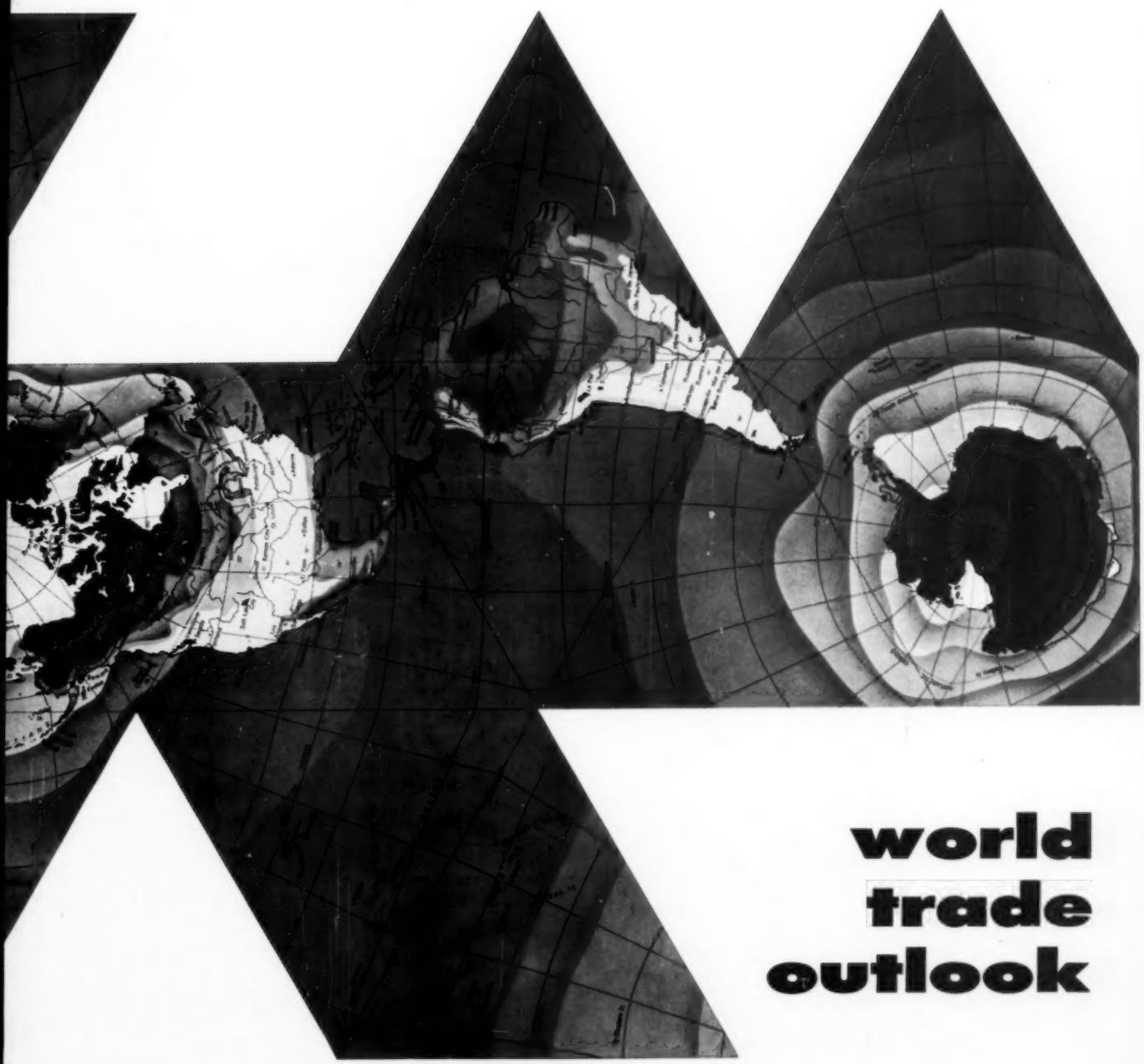

world trade outlook

International Trade Winds

Company News

ZINC MINING—National Lead Co., New York, has been granted a concession to explore the development of a major zinc deposit in Thailand by the Thai Government. The area to be explored is in Mae Sod, about 350 miles northwest of Bangkok. Feasibility studies are now being undertaken to determine the economics of developing the orebody and of erecting a refinery at the site for the production of zinc metal.

ELECTRONICS—Milgo Electronic Corp., Miami, Fla., has appointed Racal Communications, Ltd., Berkshire, England as exclusive sales and service representative in the United Kingdom, South Africa, and Australia for Milgo's model 4400 data sets. The agreement also gives Racal non-exclusive worldwide sales and service rights, except in North and South America. The agreement represents part of an overall program to export Milgo data communications equipment for use in information-handling systems throughout the world.

RETAILING—S. S. Kresge Co., Detroit, has announced plans to establish a new Australian firm to build and operate K-Mart discount department stores there. The company would be 51% owned by Kresge, with the investment entirely financed through foreign borrowings. G. J. Coles and Coy, Ltd., an Australian supermarket and variety store chain, will be the other partner in the joint venture. One K-Mart store is planned for opening this year, with an undetermined number of other outlets scheduled for opening in future years.

FERTILIZER—Coromandel Fertilizers, Ltd., has become the first joint U.S.-Indian private fertilizer plant to begin operations. Coromandel, a joint venture of Chevron Chemical Co., San Francisco, International Minerals and Chemicals Corp., Skokie, Ill., and private Indian investors, will have an annual capacity of 260,000 tons. The new plant is scheduled to produce mainly ammonium phosphate and urea. Long-term financing for the fertilizer project was supplied by loans from the Export-Import Bank and from the U.S. Agency for International Development.

Newsletter

"Honduras invites bids on road, bridge contracts . . . emphasizes need for properly qualified firms" read a headline in the July 31 issue of this magazine. Out of that notice comes now the word that two U.S. firms have been awarded construction contracts by the Honduran Government. The awards totaled $7.4 million with CHEMBCO, Inc., Houston, receiving a $5.5 million contract and AMECO, San Juan, P.R., a $1.9 million contract. This is part of a continuing story that goes on week by week for readers of the World Trade Opportunities section of INTERNATIONAL COMMERCE.

Paper industries equipment can be preponderantly custom-made, but the interesting items on display at a December show at the Tokyo U.S. Trade Center drew 1,232 trade visitors in six days. A projection of $7,279,500 in 1968 sales resulting from the show was made by the 23 exhibitors.

A look back by the Small Business Administration is the basis for a promising look ahead in exports. SBA, now linked with Commerce Department in an export expansion program, has made a study of the profit gains of 22,000 small firms it has assisted in the past. The average gain was found to be double the rate for all U.S. corporations. Thus SBA's Administrator Robert C. Smoot, holding that soundly managed small firms can compete with anybody, says "New export opportunities will be opening up and enterprising small firms should, with help provided by us and other Government agencies, expand into world markets."

"We are pleased to tell you that our orders from Italy have increased about 25% since the exhibition," said a participant in the Plastics Production Equipment show at the Milan U.S. Trade Center last November in a letter to Sen. Clifford Case of New Jersey. "The nature of our product is such that it sometimes takes a year to realize additional sales. We look forward to doubling sales in Italy within the next year, based on this first 25% increase." The writer: Oscar A. Spiegelhalder, board chairman, Kenrich Petrochemicals of Bayonne, N.J.

Will the conversion of European railroad rolling stock to U.S.-type automatic coupler use bring new sales possibilities to U.S. manufacturers? Sweden may be an indicator. It recently made the first purchase by a European railroad system of U.S.-type draft gears for use in automatic couplers in an 18-car test train.

NOTICE: This information is offered to preview or provide informally brief and varied comment on Bureau of International Commerce worldwide export and investment promotions. It is not final and does not substitute for detailed know-how and analysis in our regular news columns.

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the cover

A full-color reproduction of the copyrighted Dymaxion Airocean World Map of designer-inventor R. Buckminster Fuller introduces the semi-annual World Trade Outlook issue of INTERNATIONAL COMMERCE. A 68-page section beginning on Page 2 contains an overall assessment of U.S. foreign trade prospects in 1968, supported by perspective reports on five major trading areas and individual analyses of the economic-commercial situation in 55 nations.

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Special Report

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New peaks seen in '68 for U.S. trade with world

Both strong export growth and step-up in import pace are included in forecast

New advances in both exports and imports will make 1968 another record year in U.S. foreign trade. Exports are expected to expand for the tenth consecutive year; imports, for the seventh.

Last year, U.S. exports climbed 5½% to an estimated $31 billion, excluding military grant-aid shipments. Our purchases of foreign products amounted to about $26.7 billion, 4½% more than in the preceding year. As a result, the gross merchandise trade surplus rose substantially—by about half a billion dollars—from $3.8 billion in 1966.

Nonagricultural sales may be less buoyant in 1968 while deliveries of agricultural commodities will probably experience a recovery. More moderate expansion in our nonagricultural exports will reflect weakening demand in certain key markets, principally Canada, Japan, and the United Kingdom, which accounted for 80% of our increased shipments of these goods last year. Higher rates of economic activity in Continental Europe, however, will stimulate sales to that area. Improvement in U.S. farm supplies and more competitive prices for certain of these products should boost our exports of agricultural commodities moderately above 1967 levels, in contrast to the sizable drop registered last year.

German recovery seen

The economic revival underway in Germany, our largest market on the Continent, portends a pick up this year in U.S. exports to that country after a sluggish performance in 1967. The resurgence of business activity there will also spur U.S. sales elsewhere in the area since Germany is a major market for other European countries.

Even though the devaluation of the pound will have the initial effect of raising the value of imports into the United Kingdom, other governmental measures to streamline the economy are expected to restrain import demand in that country. While U.S. goods should continue to find good markets in Britain, the pace of our exports is likely to fall from the rapid rate of expansion recorded in 1967.

The impact of the British devaluation on U.S. exports to third country markets in Western Europe depends, to a large extent, on the ability of U.K. producers to reduce export prices. In view of the strong U.S. competitive position in our major exports to the Continent—technologically advanced capital goods and industrial materials—adverse effects on U.S. sales in the region are likely to be comparatively small.

In other markets

Our most buoyant major market last year, Japan, will be growing at a more moderate pace in 1968 because of restraints imposed by the Government to control inflationary pressures. This will check Japanese demand for U.S. products. Although the Canadian economy is expected to grow more vigorously this year than last, smaller gains are projected for U.S. exports to that country. The slowdown will reflect mainly a more moderate expansion in shipments of duty-free automotive products, the restraining effects of higher taxes on Canadian consumption, and some cutbacks in plant and equipment outlays. Import demand is expected to weaken in Australia and South Africa, both of which were expansive markets for U.S. goods last year.

On the other hand, sizable gains are in prospect for exports to the developing countries. Rising demand and greater exchange earnings by these nations from expanded sales to the United States and Western Europe should improve our exports, particularly to a number of key markets.

This article and accompanying tables and charts were prepared by the International Trade Analysis Division of the Commerce Department's Bureau of International Commerce.

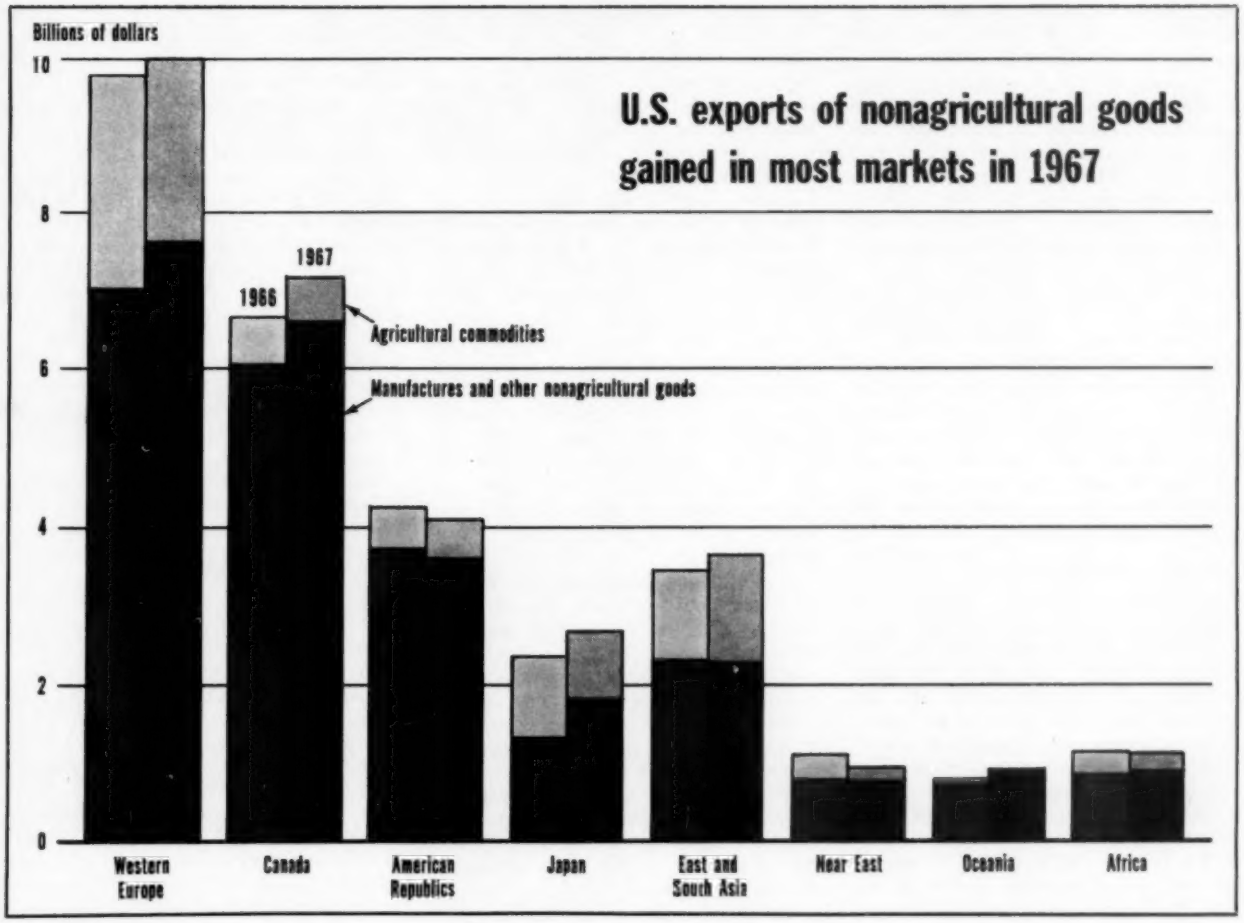
Implementation of the first of the five annual Kennedy Round tariff cuts during 1968 is expected to have some expansionary effects on U.S. exports. On Jan. 1, Canada, Australia, New Zealand, Switzerland, and Austria reduced tariffs by one-fifth of their agreed cuts. The European Economic Community, however, will not take action until mid-year when two-fifths of its cuts are to be made at the same time the Common External Tariff becomes effective.

Part of the expected gain to U.S. exporters will be negated by the simultaneous removal of all remaining tariff barriers among the Six. Moreover, the initial effect of establishing the Common External Tariff will be higher duty levels for Germany, our largest customer on the Continent, though lower rates will be set for France. Other countries which will not lower their tariffs under the Kennedy Round Agreements until July 1968 include the United Kingdom, Japan, and the Scandinavian nations.

The recently announced measures designed to improve the U.S. balance-of-payments position will have a stimulating effect on our exports as the program gets underway. Increased emphasis on trade promotional activities and an expansion of the Eximbank's export financing operations should have a favorable impact on U.S. sales abroad. The removal of foreign non-tariff trade barriers, a major goal of the new program, would also benefit exports.

Higher import demand

The accelerating pace of economic activity in the United States is expected to result in a more substantial increase in imports this year than last. Our gross national product, recovering from the dampening effects of a major inventory correction in the first half of 1967, climbed rapidly in the third quarter and registered another large advance in the fourth. This year, larger gains are pro-



jected in all the components of our GNP which have a determining influence on our imports. The growth in demand for foreign goods will be moderated by anti-inflationary measures taken to avoid an excessive rate of expansion.

Purchases of foreign consumer goods will be stimulated by a more rapid rise in personal consumption expenditures in 1968. Capital outlays, which slackened to an advance of about 2% last year, are expected to expand at a sharply higher rate, at least through the first half of 1968. Industrial production will move up, increasing requirements for raw materials from abroad. Inventory building, particularly strike-hedge buying of steel, will be another import stimulating factor.

The expiration of several other important labor contracts, particularly those covering aluminum, rail transportation, and dockworkers, could also lead to more than normal stockbuilding. If construction activity recovers this year, as now anticipated, more Canadian lumber will be needed. Tariff cuts, negotiated in the Kennedy Round, may have a stimulating effect on imports. The extent of this expansion depends, in part, on how much of the cut is passed to the consumer.

The 1968 import expansion will be moderated, however, by the absence of the extreme demand pressure on domestic manufacturing capacity which occurred in 1966. American manufacturers were operating at about 85% of capacity at the end of 1967. The existing slack plus the addition of new capacity projected for 1968 should prevent production bottlenecks. This contrasts with the high, 91% utilization rate which lengthened delivery time in 1966 and contributed significantly to the big import increase in that year.

The strong 9% expansion in shipments of nonagricultural products kept U.S. exports rising last year. Notwithstanding the lack of growth in some of our major markets, foreign demand remained high for U.S. capital equipment. About half the increase in Jan.-Nov. 1967 stemmed from larger shipments of machinery and aircraft. Shipments of motor vehicles duty-free to Canada also contributed importantly to the advance.

Significant gains in sales of computers, metal cutting machine tools, and construction equipment helped boost U.S. shipments of machinery by 8% over the 1966 value. Computer deliveries increased by a half in 1967 and are expected to advance again this year. Pressure continues in the industrialized countries for the rationalization of business operations abroad due to labor shortages and the necessity to systematize and automate data processing work.

Exports of machine tools rebounded last year as the softening of domestic demand enabled manufacturers to reduce backlogs. Foreign demand is expected to remain high in 1968 for the special purpose equipment which makes up the bulk of U.S. machine tool exports. The rate of advance in deliveries abroad, however, is likely to fall below that of 1967. Foreign sales of construction machinery also picked up sharply last year, due in

large part to increasing demand for power cranes in Western Europe and excavating equipment in Australia.

A moderate rise is expected in shipments of farm machinery which include significant quantities of parts sent from this country for assembly abroad by subsidiaries of American firms. U.S. plants will continue to supply the more sophisticated and larger pieces of equipment which cannot be produced economically in other countries. Export prospects also appear favorable in 1968 for textile, mining, and materials handling machinery.

Continued gains are likely in U.S. exports of electronic products despite substantial competition in world markets from manufacturers of equipment and systems in Western Europe, Canada, and Japan. Major items include radio and television broadcast equipment, detection and navigational aids, and aircraft and missile guidance systems.

Aircraft sales to rise

U.S. aircraft exports should have another good year. Sales of four-engine jet aircraft, cargo and passenger, will continue at high levels, while significant increases are in prospect for the less expensive two- and three-engine, short- to medium-range jets. Exports of aircraft also will stimulate shipments of parts and related instruments.

Deliveries of autos and parts to Canada are to advance further under the stimulus of the 1965 automotive trade agreement but the rate of increase should slacken after the rapid expansion of the past three years. Exports of railway vehicles will probably decline in 1968, following an unusually large gain in shipments of diesel-electric locomotives to developing countries last year.

Chemical exports should show sizable gains, possibly in excess of the 5% increase recorded in 1967, as a result of the pick up in economic activity in Western Europe. Shipments of plastic materials, which leveled off last year, are expected to recover and increasing AID-financed deliveries should boost fertilizer shipments. Exports of chemical elements and compounds also are expected to increase again this year.

In the absence of expanding AID shipments, exports of iron and steel-mill products are not likely to exceed the 1967 level. Last year, these exports increased moderately due to stepped-up AID deliveries to Pakistan. Sales of iron and steel scrap, a major export gainer in 1967, probably will decline due to a production slowdown in the Japanese steel industry.

The normally negligible U.S. exports of crude petroleum rose spectacularly last year after the Middle East crisis disrupted the flow of oil from Arab countries. U.S. supplies were required, mainly in the third quarter, to alleviate shortages in Western Europe, particularly in the United Kingdom, and to replace shipments diverted from Canada. Since oil deliveries from the Middle East have been resumed despite the continued closure of the Suez Canal, U.S. exports will drop back in 1968 to pre-conflict levels.

Strong demand from the booming Japanese economy was mainly responsible for the rise of about a sixth in our 1967 shipments of aluminum. Smaller gains are expected this year.

The drop in copper exports last year stemmed in part from the strike which began July 15 and reduced quantities available for foreign markets. Weakened demand in Western Europe and reduced AID shipments to Brazil also depressed U.S. exports of this metal. Copper exports should rise sharply in 1968. An early end to the long walkout would mean substantial increases in these deliveries.

Farm exports to recover

The decline in exports of agricultural commodities in 1967 reflected the improvement in wheat and corn supplies abroad and lower PL-480 wheat shipments. This year, larger U.S. availabilities of wheat and more competitive prices for feedgrains should help expand our farm shipments but not above the record $7 billion value of 1966.

An increase in PL-480 shipments due to a larger U.S. carryover should result in a moderate expansion in wheat exports which dropped by a fifth last year. Commercial wheat sales, on the other hand, face increased competition and may show a decline.

Some increase in corn exports is foreseen for this year as a result of more competitive U.S. prices and increasing demand as livestock industries abroad continue to expand. The rate of increase in our corn exports will be affected by crops in South Africa and Argentina. Rising competition from those countries caused U.S. corn deliveries to fall by nearly one-fourth last year. The level of grain sorghum exports, which also dropped in 1967, will be determined largely by the size of Government-financed shipments.

Foreign sales of soybeans should improve in 1968. Not only will lower U.S. prices stimulate exports but new processing mills in Western Europe will require more beans, though this means continued shift from imports of U.S. soybean oil.

U.S. exports of unmanufactured tobacco will expand further, assuming continuation of UN sanctions against Rhodesian products and a good quality crop here. Though smaller U.S. supplies will limit quantities available for export, rice movements abroad are likely to rise again. Requirements will remain large in Viet-Nam, the major destination of these shipments in 1967. On the other hand, our competitively priced cotton exports, stimulated last year by a decline in supplies from other exporting countries, may level off in 1968. Price increases in 1967 encouraged production abroad.

Imports to pick up

The slow import pace in 1967 resulted from easing in demand due to the pause in industrial production during most of the year, reduced inventory accumulation, and slowdowns in consumption and investment. The major part of the advance in imports of foreign nonagricultural products represented increased arrivals of duty-free cars, trucks, and parts from Canada.

By the end of 1967, however, a general economic recovery was well underway. Further advances in business activity this year will spark a sizable rise in imports.

Climbing industrial production will require larger quantities of basic materials from abroad. Stepped-up expenditures for plant and equipment probably will strengthen orders for foreign capital goods. Rising disposable income should stimulate family expenditures and lift purchases of foreign consumer goods

NEWLY-DESIGNED CONTAINERS are being used to move U.S. goods both on sea and in the air. Reynolds Metals worked with Brownline Corp. on these aluminum-fiberglass models for air cargo use.

above last year's levels. Enactment of an income tax surcharge would, of course, limit consumption expenditures and tend to moderate import demand.

The effects of the economic slowdown last year were most pronounced in reducing demand for industrial materials which account for close to half of the import total. Arrivals of nearly all major types of materials declined or showed smaller increases than in 1966.

The sharp deceleration in chemical imports last year was another reflection of the depressed state of business activity here. Although demand for chemical products will increase this year, imports are not expected to change significantly from 1967 levels. Adequate supplies in this country will be a principal restraining factor in foreign purchases of chemicals.

A large increase is projected in imports of steel-mill products as users take steps to protect themselves against a possible disruption of supply due to a strike later this year. Some stockbuilding may have already begun in anticipation of a work stoppage. In 1967, imports increased only moderately but, with steel demand sluggish, expanded their share of apparent U.S. consumption to 11½%, more than double the 1962 ratio. The major development in these imports last year was the dominant position regained by the EEC which supplanted Japan as our principal foreign supplier of steel-mill products.

Weakness in steel output in 1967 also reduced U.S. purchases of iron ore. Imports should rise this year, paralleling advances in steel production to supply the growing needs of the automobile, appliance, and other industries.

Imports of newsprint dipped slightly from the record tonnage in 1966 as U.S. consumption leveled and domestic production showed some increase. Since newsprint use closely follows the pace of general economic activity in this country, 1968 will probably see an advance in these foreign purchases.

Arrivals of petroleum were moderately lower because of a sizable reduction in receipts of crude petroleum. This year, imports will be up substantially over last year's levels as foreign supply patterns return to normal and demand increases. Allocation of unused 1967 import quotas could cause a substantial increase in oil imports.

If higher levels anticipated for residential and other construction this year are realized, imports of lumber should pick up. The 1967 drop in those arrivals mirrored the depressed state of the construction industry caused mainly by tight money.

U.S. exports of nonfarm commodities gain but agricultural products show decline

Commodity	Jan.-Nov. 1967 Value $ million	Jan.-Nov. 1967 Change from Jan.-Nov. 1966 percent
Nonagricultural, **total**	22,576	+ 8
Engines and parts	951	+ 7
Agricultural machinery, tractors, parts	786	− 1
Office machines, computers, parts	637	+29
Other nonelectrical machinery	3,261	+ 6
Electrical apparatus, equipment	1,912	+11
Scientific and controlling instruments	574	+12
Motor vehicles and parts	2,251	+17
Aircraft and parts	1,343	+37
Chemicals	2,560	+ 5
Coal; petroleum and products	1,028	+14
Textiles and clothing	630	− 3
Other nonagricultural products	6,643	+ 1
Agricultural, **total**	5,817	− 7
Grains and preparations	2,449	−17
Soybeans	691	+ 3
Cotton	440	+17
Other agricultural products	2,237	(1)

[1] Less than 0.5 percent.

The prolonged strike at most U.S. copper mines, smelters, and refineries, which paralyzed the industry in the last half of 1967, had a twofold effect on our imports. It stimulated purchases of refined copper as the domestic supply disappeared and, on the other hand, cut arrivals of blister and other unrefined copper because of reduced needs of strikebound refineries. After settlement of the strike, imports of unrefined copper should rise strongly, while those of the refined product will probably fall.

Machinery buying to slacken

Although U.S. producers expect to increase their expenditures for plant and equipment more rapidly this year, the increase in capital goods imports may fall below the one-fifth gain recorded last year. In 1967, sizable backlogs for certain types of machinery led to continued foreign purchases. Delivery on orders placed abroad in 1966, when the intense pressure of domestic demand strained U.S. productive capacity, also contributed to last year's machinery import total.

As mentioned earlier, ample manufacturing capacity will prevent the development of production bottlenecks in 1968. This should moderate the advance in imports of machinery.

Shorter delivery periods and favorable prices resulted in large gains in imports of machine tools last year. The general purpose or standard types of tools that have been most successful in gaining a foothold in the U.S. market include lathes, milling machines, and some boring mills in the light and medium duty classes. With reduced backlogs and some easing of demand for machine tools this year, these imports should not advance as rapidly as in 1967.

Smaller increases are projected for arrivals of agricultural machinery. A substantial part of these imports is in parts from U.S.-owned plants abroad, primarily in Canada and the United Kingdom. American manufacturers have achieved economies by locating combine and other farm equipment plants in Canada to produce, in part, for the U.S. market, with compensating exports of tractors and other equipment to our northern neighbor.

Buoyant demand for office machines, which led to another large increase in imports of typewriters, adding machines, calculators, and data processing equip-

ment in 1967, will cause U.S. purchases to advance to new highs this year. A considerable portion of the imports of conventional type office machines comes from U.S. subsidiaries.

Imports of electronic tubes and other components leveled off in 1967 after several years of rapid advance. Only a slight increase is projected in these purchases for 1968. The decline in monochrome TV set production has apparently had a moderating effect on imports as well as on the domestic production of components.

The sharp reduction in aircraft arrivals in 1967 stemmed from the drop in deliveries of short- and medium-range jetcraft to regional airlines whose jet conversion programs were being completed. Delivery of ten Japanese transport aircraft to a U.S. scheduled air carrier in 1968 will cause these imports to rise substantially above last year's.

The outlook for consumer goods imports in 1968 depends, to a considerable extent, on the rate of automotive deliveries from U.S. plants in Canada. Last year, these arrivals nearly doubled in value and accounted for the major part of the advance in our purchases of foreign consumer products. If the rate of increase in auto deliveries from Canada slackens this year, as anticipated, U.S. imports of consumer goods may grow at a more moderate pace.

The number of cars imported from European and Japanese suppliers was less last year than in 1966 despite an advance in sales of these automobiles in the United States. The increased demand was apparently satisfied from existing dealer stocks. Provided demand for foreign cars continues high, arrivals of these vehicles should increase in 1968.

Purchases of Italian leather shoes and Japanese vinyl footwear increased sharply in 1967. The rate of advance in such buying may be more moderate this year.

Imports of television and radio receivers will continue to expand. In recent years, U.S. manufacturers have established subsidiaries abroad, mainly in Hong Kong and Taiwan, which supply this country with parts as well as complete sets marketed under the parent company name.

Continued growth in personal disposable income and in our child population will again stimulate imports of toys and games. Over three-fourths of these purchases come from Japan and Hong Kong. A significant portion of these imports consists of parts for assembly in this country.

U.S. imports of industrial materials drop, consumer and capital goods advance

Commodity	Jan.-Nov. 1967 Value $ million	Jan.-Nov. 1967 Change from Jan.-Nov. 1966 percent
Industrial materials, total	10,735	− 3
Petroleum and products	1,885	− 3
Paper and paperbase stocks	1,272	− 3
Textile fabrics and twine	575	−10
Chemicals	723	+ 3
Iron and steel-mill products	1,176	+ 7
Nonferrous ores and metals	1,523	+ 3
Other industrial materials	3,581	− 9
Capital equipment, total	2,449	+18
Machinery	2,072	+19
Transport equipment including trucks	377	+15
Consumer goods, total	5,924	+17
New autos, parts, and engines	2,051	+38
Clothing and footwear	836	+13
Radios, TVs, other household appliances	589	+15
Other consumer goods	2,448	+ 5
Foods and beverages, total	4,169	+ 1
Coffee	927	− 8
Meat and fish	1,064	+ 1
Sugar	524	+12
Other foods and beverages	1,654	+ 3
Other products, total	1,117	+22

World trade outlook

Current economic conditions and the outlook for U.S. trade in the majority of countries with which U.S. firms do business are summarized on pages 7-69.

The reports, written by country desk officers in the Office of International Regional Economics of the Bureau of International Commerce (BIC), are based on up-to-the-minute reports from U.S. Foreign Service posts, international economic organizations, and other sources.

Data on U.S. trade with selected countries not covered in separate articles are presented in a table following the final country report.

Little change in food imports

Imports of food and beverages leveled off in 1967 and no significant change is anticipated this year. The sluggish pace in 1967 was attributed in large measure to the huge drop in purchases of green coffee. This fall reflected lower prices, a drawdown of inventories, and a sharp increase in imports of soluble instant coffee. Coffee imports are not expected to be substantially greater in quantity than in 1967, but their value may show a decline due to larger import share of the cheaper robusta type.

Higher prices and reduced inventories probably will stimulate purchases of fish this year. In 1967, these imports dropped moderately. Arrivals of beef, primarily of the boneless manufacturing variety, increased by 17% in value through November of last year and further gains are anticipated in the year ahead. Cocoa arrivals will also be higher in value but will again decline in quantity because of high prices and ample inventories. Rising cocoa prices have resulted from increasing world consumption and short crops. Cocoa use in 1968 will exceed production for the third successive year.

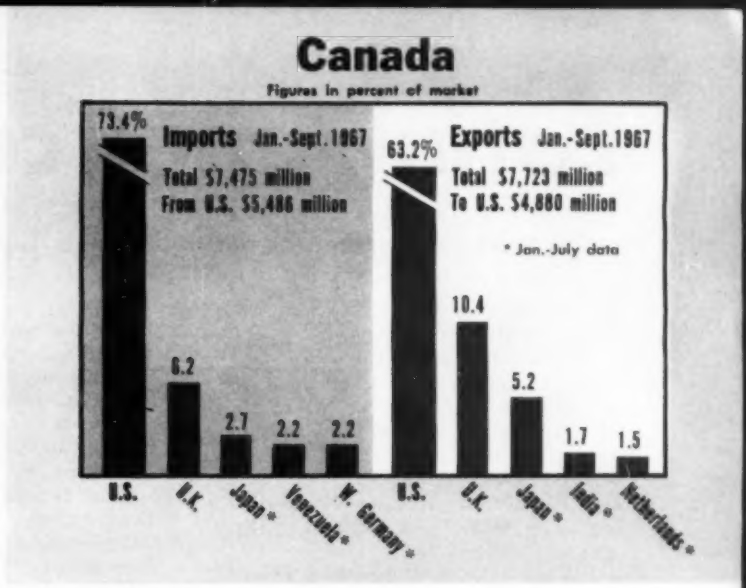
Sugar arrivals are expected to level off at the high 1967 value. The reallocation of domestic quotas to foreign producers boosted our purchases by a tenth last year.

Canada

Imports expected to continue growing, but at slower pace than during 1967

By DAVID FELLMAN

European Division, BIC



The close of 1967, Canada's Centennial Year, found the country's trade at new high levels. Imports from the United States, based on Canadian statistics, were expected to be about 8% above the 1966 level of $6.6 billion. The trend in U.S. shipments to Canada in 1968 should continue upward, but at a somewhat more moderate pace.

The United States maintained its dominant position in Canada's import market. For the first ten months of 1967, the United States supplied 73.3% of total Canadian imports.

Canada's 1968 economy may well continue its inflationary tendency, but not as strongly as in 1967. Overall price levels are expected to increase by 3 or 4% compared with the 5.2% rise recorded in the twelve-month period ending last October. The government expressed concern over this trend and on Nov. 30 announced that it would apply rigorous restraints on its spending and lending as part of a program to check rising prices.

An expected increase in the gross national product in 1968 and a moderate resumption in the growth of Canada's exports coupled with continued strength in consumer spending will be contributing factors promoting the maintenance of high levels of Canadian demand for U.S. products. The first and second implementations of the Kennedy Round concessions in 1968 should improve the competitive position of the United States.

Offsetting these favorable factors to some degree are indications that there will be some retrenchment in plant and equipment expenditures in 1968.

The devaluation of the British pound is expected to have only a minor effect on U.S. sales to Canada, except possibly in the exports of certain textiles, clothing, chemical and pharmaceutical products where the United Kingdom's competitive position vis-a-vis the United States might improve.

Rise in GNP

Canada's GNP in 1968 will be an estimated $5.3 billion above the 1967 level, or somewhat more than $63 billion. This will be an advance, in current terms, of about 9% compared with the 7% increase in 1967. About half of the 1968 growth will be attributable to price increases.

Steady expansion in the fields of merchandising, oil and gas pipelines, foods and beverages, printing, and public utilities are forecast for 1968. Less buoyancy is expected in textile production, the iron and steel industry, and construction.

Competitive position improves

As a result of the Canadian Kennedy Round concessions, United States exporters will find that many of their products are more competitive in Canadian markets. While Canada's Kennedy Round concessions will be staged over a five-year period, a considerable number of them became fully effective on Jan. 1, while those on chemicals and plastics are scheduled to take full effect beginning July 1. Most important of the Jan. 1 concessions granted to the United States are the duty reductions from 22½% to 15% on production machinery of a kind available in Canada, and a remission of the 15% duty on machinery of a kind not available there. Duty changes on chemicals should also be of great significance to United States exporters.

The Canadian Government's increased emphasis on its program of making Canadian industry more competitive in world markets is expected to stimulate demand for U.S. machinery used in the production of goods.

Implementation of the new International Anti-Dumping Code, which Canada has agreed to adopt next July 1, should be a boon to U.S. sales. Unlike the current Canadian law, imported goods will no longer face automatic dumping penalties if sold at below the fair home market value. Injury to Canadian industry will also have to be proved by the "injured" party.

Consumer goods hold promise

Expectations of increased marriages, a high rate of housing construction, rising income and growing replacement demand in 1968 augur well for trade in furniture, home furnishings, household appliances and other consumer goods.

On the other hand, the recently imposed 5% surtax on personal income may have some limiting effect on demand for many of these consumer goods.

Although the heavy increase in shipments of United States automobiles and parts to Canada which took place in 1967 is not expected to be duplicated in 1968, the continuation of the U.S.-Canada Automotive Free Trade Agreement should help maintain a steady flow of automotive parts and accessories as well as of vehicles to Canada.

In 1967, an impressive rise in travel receipts resulting from EXPO 67 contributed to a narrowing in Canada's deficit on non-merchandise transactions. With the closing of the exhibition and the return of tourist trade to more normal levels, it is expected that 1968 will show an increase in the non-merchandise current count deficit.

The deficit, as in past years, will be financed primarily by long-term capital inflows.

CHIEF CANADIAN IMPORTS FROM U.S.: industrial and farm machinery, automobiles and parts, electrical equipment and parts including electronic computers, chemicals, aircraft and parts, coal, cotton, fresh fruits and vegetables. CHIEF CANADIAN EXPORTS TO U.S.: automobiles and parts, newsprint, wood pulp, crude petroleum, lumber, iron ore and concentrates, nickel and alloys, whiskey, aluminum.

Latin America

Large 1968 trade increases not anticipated, but economic integration should expand market

By RICHARD P. RICE
and BARBARA GREEN
American Republics Division, BIC

U.S. exports to Latin America are expected to hover tantalizingly below the $5 billion mark during 1968 with no great upsurge in trade anticipated. Total U.S. exports to the area during 1967 were estimated at $4.7 billion, a slight shortfall from the sales figure of $4.8 billion achieved during 1966.

Exports of $4.9 billion are estimated during 1968, a 5% increase over the preceding year. Moderate increases in trade with certain major trading partners are expected to offset lateral trends in trade or actual declines in exports anticipated with other countries in the area.

During 1967 a number of events occurred at the regional level which will significantly affect U.S. trade and investment. The acceleration of economic integration will become increasingly important for Latin American trade expansion and diversification. The movement toward a Latin American common market was given strong impetus in 1967 at the Meeting of American Presidents at Punta del Este in April, and in the progress made by various regional integration movements throughout the year. It is significant to note that no previous year in Latin American history has produced so many multilateral agreements in trade and integration.

Effects of Common Market

At the Punta del Este meeting, U.S. President Lyndon B. Johnson, together with the presidents of the American Republics, declared that the creation of a common market, to be completed by 1985, was an avowed goal.

A Latin market with a common external tariff complemented by an automatic system for reduction of internal tariffs is foreseen. The current commodity composition of U.S. exports to this area would doubtless shift to heavier emphasis on industrial equipment and semimanufactures as opposed to consumer goods and completed manufactures. The stimulus afforded by automatic internal reductions in trade barriers is expected to accelerate intra-area trade and investment.

A decline in total imports is unlikely; on the contrary the promotion of economic growth should expand the need for imports as the progress of industrialization gathers momentum. Overall, the trend towards economic cooperation in Latin America should result in larger and progressively more prosperous markets and, therefore, increase opportunities for U.S. business.

Other programs developed at the Punta del Este Meeting of the Presidents called for diversification of Latin American products for export and for the development of agriculture and of transportation systems in the region.

Initial steps were taken toward the 1985 goals at the Latin American Free Trade Association's (LAFTA) August Meeting of Foreign Ministers in Asuncion, Paraguay. These included establishment of a coordinating Commission between LAFTA and the Central American Common Market (CACM).

The Foreign Ministers of both LAFTA and CACM met together for the first time immediately following the LAFTA meeting, essentially to approve establishment of the coordinating committee. The committee will meet again in the second quarter of 1968 to discuss scope and timing of the convergence of the two groups. The invitation of the United States as a formal observer at the first meeting could set a precedent for future meetings.

Agreements ahead

The concept of subregionalism within the LAFTA framework was also approved at the Asuncion meeting, giving life to the proposed Andean group of countries, and any subsequent groups of a similar nature. Presently, the guidelines for the text of the subregional group, which will include Bolivia, Chile, Colombia, Ecuador, Peru and Venezuela, are being drafted. Repeated stress has been placed on its temporary nature and on the fact that the group is not attempting to form a bloc against other Latin American countries, or to replace LAFTA. On the contrary, the group hopes to progress toward the achievement of lower tariffs more rapidly than contemplated at the Summit Meeting of Presidents.

Machinery has already been set in motion for the establishment of the Andean Development Corp. by the six nations. The Corporation will be designed to promote subregional integration by orienting national specialization and distributing investments equally within the area. It will direct projects and provide technical assistance and financing for multinational endeavors.

Capitalization for the Fund will initially be supplied by member contributions, but will later be sought through international organizations, private interests and bonds issued within and outside the subregion.

It is hoped that in the long run the disparity in the economic levels of the members of the Andean group, considered to be relatively less developed or to have insufficient markets vis-a-vis other LAFTA members such as Argentina, Brazil and Mexico will be overcome. Among the measures toward this end, highest priority has been given to complementation agreements among the members of the Andean group. So far, only one agreement has actually been drawn up—in the petrochemical industry—but others are being studied in the automotive, air cargo, iron and steel, and electronics industries.

The two-month-long LAFTA Annual Conference, which met in the late Fall, resulted in the addition of the largest number of new national list concessions in any single year since 1963. The year 1968 will see further negotiation in an effort to achieve agreement on the second stage of the four-stage common list.

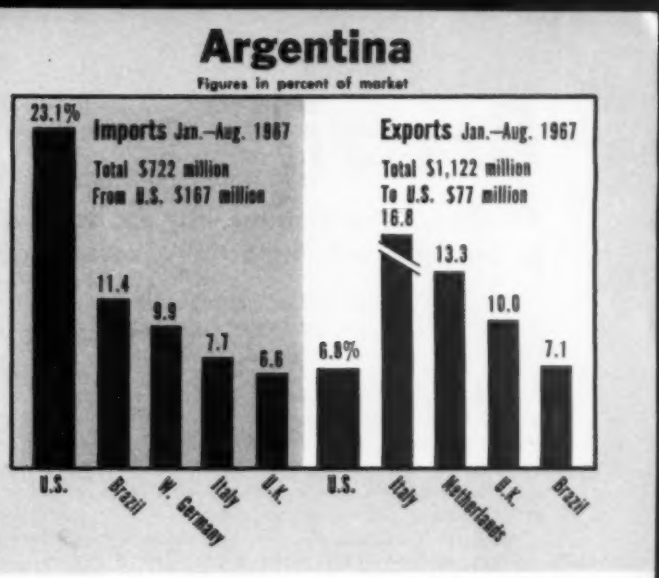
Further study will be devoted in 1968 to the concept of margin of preference which has been one of the more sizable dilemmas facing LAFTA, and one which holds considerable importance for future U.S. exports to the area. The problem basically involves establishment of a margin between tariff levels applied to member countries and those for third countries which will be acceptable to all LAFTA members. The question of whether such margins should be maintained indefinitely or used only as a transitional measure has been a long debated one.

Other concepts highly important to the integration process, i.e., establishment of a system of programmed tariff reduction and adoption of a common external tariff, will also be subject to further study during the coming year.

Argentina

U.S. '68 share of Argentine imports probably will remain same as for last three years

By GEORGE M. POLLARD
American Republics Division, BIC



Argentina's economic prospects suggest a value for 1968 imports in the neighborhood of the reduced level of the past few years. Argentine 1968 imports from the United States should approximate the $257 million for 1966 and the anticipated somewhat lower 1967 figure. These imports also should maintain the general average of around 23% for the U.S. share of Argentina's total imports which has held over the past three years.

Among Argentina's favorable 1968 expectations are large export availabilities of wheat, corn and livestock products, which are chief sources of foreign exchange earnings. Argentine planned emphasis in 1968 on developmental, particularly infrastructural, public and private investment programs and projects should strengthen the demand for capital goods imports, including high performance U.S. materials and equipment.

Significant increases in private sector import demand may be deferred until 1967-68 crop export returns and increased public investment expenditures have assured augmented private purchasing power. No lack of foreign exchange or foreign credit is expected in 1968.

Argentina's external trade outlook is dimmed somewhat by recent devaluations by the United Kingdom and other countries which make Argentine products costlier to buyers in these countries. Concurrently, other devaluations—e.g., in wool- and meat-exporting Uruguay and New Zealand—tend to lower these suppliers' prices of goods competing with Argentine products in import markets.

Market for U.S. products

U.S. products of high quality and high performance should continue to compete effectively in the Argentine market. The 1967 U.K. and other devaluations are not expected to greatly diminish Argentine demand for U.S. products of advanced design and proven advantages.

Active demand is expected for U.S. supplied capital goods in such areas as hydro, thermal and possibly nuclear electric power generation and distribution; petroleum and other minerals and metals extraction, transportation and processing; highways (including roads, bridges, and tunnels); subways and other rail lines; port facilities; fishing and cargo vessels and fish handling facilities; and radio and television transmission and other electric and electronic communications and air, land, and water traffic and other control facilities.

Growth is expected in import demand for specialized construction, mining, agricultural, and transportation equipment and for other capital goods to expand and modernize facilities for producing, storing, and handling food products, textiles, glass, paper, steel and other metal products.

Argentina's 1967 GNP in constant terms is estimated at about 2½% (0.7% per capita) above the 1966 GNP. Increases in 1967 were evident particularly in agriculture, construction, and energy output. Manufacturing as a whole showed no change. Hoped-for 1968 improvement in economic performance may result in a GNP 3½–4% over that for 1967.

Despite limited growth and an increase in living costs between 25 and 30% for 1967, Argentine economic expansion possibilities are judged considerably improved. Argentina's current stabilization program consequently is rated successful thus far. This program was instituted early in 1967 to end persistent inflation and to provide sound bases for accelerating economic growth.

Business improved in 1967 for many Argentine enterprises, including most agriculturists and producers of foods, beverages and metal products (machinery excluded). However, there was considerably less than full use of capacities in the manufacturing sector overall, which contributes around 36% of the GNP.

Immediate prospects generally are not dispelling Argentine industrialists' cautiousness, but there is optimism about business prospects following the first or second quarter of 1968. The present government has made numerous changes, including tax increases and improvements in tax collections, to which Argentine business may need more time to adjust. Also, experience with past national stabilization programs encourages an attitude of reserve. Maximum progress toward the Government's economic goals in coming months requires maintenance of stabilization momentum, augmented investment and expanded business activity, but with containment of inflationary pressures.

Although there are uncertainties about the near-term, 1967 ended with better prospects for Argentina's economy, and correspondingly, for favorable Argentine opportunities for U.S. suppliers.

The Argentine Government seeks private foreign capital participation in fostering economic growth. U.S. and other foreign private investors are encouraged by improved arrangements with key international financial agencies and by the assurance of continued operations by two U.S. petroleum companies whose operating contracts were annulled by the previous Government.

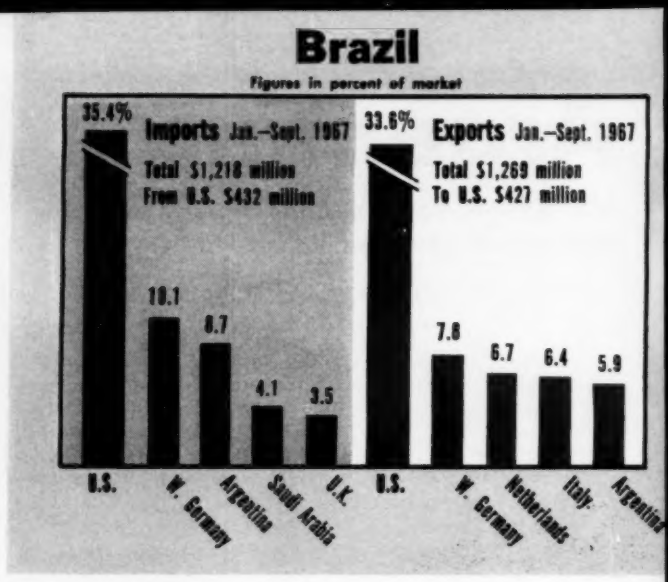
Relaxation of previous stringent requirements on financing capital goods imports and various tax and other incentives favor expanded foreign as well as domestic capital investments.

CHIEF ARGENTINE IMPORTS FROM U.S.: machinery, chemicals, aircraft, motor vehicles and parts, iron and steel products, copper and other nonferrous metals and products, mineral fuels. CHIEF ARGENTINE EXPORTS TO U.S.: wool; canned meat; furs, hides and skins; fuel oil; casein, suger, quebracho, leather, horses.

Brazil

Brazilian imports on the way up, boosted by business, industry activity, eased tariffs

By DENNIS GOODMAN
and EVELYN R. HESSLER
American Republics Division, BIC



Total Brazilian imports for 1967 are expected to exceed the 1966 level by about 14%, with the U.S. share of the market approximately 35%, down from the unusually high 1966 figure of 39%. Brazilian imports for 1968 are expected to increase by 6% to some $1.8 billion c.i.f., with the U.S. share showing a slight improvement.

Although total Brazilian exports through Oct. 1967 were down 5.1% from 1966 levels, manufactured exports showed an increase with a year-end projection for total exports of $1.65 billion F.O.B., down from $1.741 billion for 1966.

The continued increase in Brazilian imports is explained in part by substantial tariff liberalization early in 1967 which reduced rates on a wide range of products. An upturn in business activity in the second half of 1967 and continued strength of investment activity for modernization and productivity improvements are further major reasons behind increased imports.

The lower U.S. share-of-the-market figure reflects the lengthy delay in Brazilian implementation of the 1967 AID program loan and the increased pressures of other suppliers who, in many instances, have been able to offer liberal credit arrangements unavailable to U.S. exporters.

Brazilian exports through October pointed toward a drop of some $90 million F.O.B. from 1966 as coffee, still 44% of total exports, showed a price decline and a disappointingly low level of exports.

Development plans for Brazil have targeted a 6% real growth rate in GNP. For 1967 the real rate is expected to be about 5%. Real GNP rose 3.9% in 1965 and 4.4% in 1966. The 1967 increase in GNP is due primarily to increased agricultural production but also to renewed activity in the industrial sector.

Business conditions

General business conditions continued at a fairly good level throughout the country in recent months following the upturn beginning in mid-1967. While there is evidence of a leveling off in some sectors, including steel, automobiles, and household appliances, activity in areas such as machinery, pulp and paper, chemicals, plastics, food stuffs, furniture and clothing continues to increase. The construction industry has been a leading sector.

While business expectations are optimistic about the near future, a number of uncertainties remain, among them the persistence of inflation. Still, a continuation of the currently favorable situation is predicted for 1968.

Increased political and economic stability have made Brazil increasingly attractive to investors. Restrictions on profit remittances by foreign investors have been loosened, a Brazilian/U.S. tax treaty is pending in the Congresses of both countries, and a U.S./Brazilian Investment Guarantee Agreement is in operation. Brazil's Northeast offers some particularly interesting investment openings through tax incentives and credit facilities.

The Brazilian Government's price and wage stabilization policies made real progress in 1967 and are expected to continue in 1968. Through November, the 1967 price level was up 24% compared to 39.5% in the same period of 1966. The wholesale price index was up 19.2% through November, compared to 40.9% a year ago.

CHIEF BRAZILIAN IMPORTS FROM U.S.: wheat, diesel locomotives, organic chemicals, aircraft, anthracite and bituminous coal, construction and mining machinery, lubricating oil and grease. CHIEF BRAZILIAN EXPORTS TO U.S.: coffee, sugar cane, cocoa beans, iron ore, organic chemicals, castor oil, manganese.

Through October, Brazilian imports of U.S. goods were $431,642,000 or 35.4% of all Brazilian imports. West Germany was a distant second with approximately 10% of the market and Argentina third with 9%. While the U.S. total represents an absolute increase of 3.8% over the same period for 1966, this increase compared unfavorably with imports from the EEC (up 32.2% through August) and with imports from LAFTA countries (up 42.1%).

Capital goods now represent 28.2% of total Brazilian imports, having increased 25% to $344 million over the first nine months of 1966. Major imports from the U.S. were about the same as last year with the addition to the list of locomotives, representing shipment of a $17 million order placed in 1965-66.

The Brazilian Government has generally resisted strong pressures to reverse the import liberalizations of last February, avoiding any across-the-board shift toward greater protectionism.

Sales prospects for U.S. goods appear best in such traditionally strong areas as industrial and electrical machinery, chemicals, copper, aircraft, coal, lubricating oils and greases. In addition to the current 25% increase in capital goods imports, Brazil shows a 30% rise in imports of foodstuffs.

Several U.S. trade missions are scheduled to visit Brazil in 1968 including South Dakota State Industries, March; Michigan State industries, April; and a group from Bucks County, Pa., in June.

A large solo exhibit, planned for Sao Paulo in October, will display machine tools, chemical and petrochemical processing equipment and instrumentation, textile machinery, packaging machinery, and construction and mining machinery.

Caribbean

Devaluations will slow import growth; area development bank to be founded

By FREDERIC G. KAYSER

American Republics Division, BIC

Despite the devaluation of the British pound and the concurrent devaluation of all the currencies of the English-speaking Caribbean except the Bahamas, U.S. exports to the Caribbean area (less the Dominican Republic and Haiti) are thought to have approached $600 million for the year 1967.

The upward trend of trade with the U.S. may slow somewhat in 1968, although the area will continue to develop. The growth of imports from the U.S. will probably be much lower than during the last five years. The momentum of over-all economic growth seems sufficient in Trinidad, Jamaica and Bermuda for them to increase their import levels slightly.

While it is not possible to predict the exact effects of the sterling devaluation, some inflation is bound to occur in the area along with the decrease in purchasing power which must necessarily limit imports from countries whose currencies are not tied to sterling.

The English-speaking lands of the Caribbean met in late October and officially resolved to proceed with a development bank which will probably be capitalized at $50 million initially. Canada and Britain will both join and contribute to the capital formation.

While the U.S. will not become a member, it plans to assist with AID loan funds, if available.

The conference also agreed to expand and modify the Caribbean Free Trade Area (CARIFTA) to include all the conferees and to begin functioning on May 1. Formerly only Guyana, Barbados and Antigua belonged. This organization has yet to be approved by all legislatures and the mechanics remain to be developed.

The Bahamas

The Bahamas present the brightest picture of the English-speaking lands for two reasons. The first is that they did not devalue but officially re-valued their dollar from the equivalent of seven shillings to a new rate of eight shillings-two pence, thus maintaining their dollar at the equivalent of U.S. 98 cents.

The second is that the government is interested in developing more and better housing and schools, both of which are presently inadequate, and also wishes to expand electric power generating capacity, sewage and telecommunications.

The Bahamas continue to grow as a tourist area although development of the out-islands for this purpose is in its early stages. The Freeport (Grand Bahama Island) area also continues to attract new industries. Construction equipment, building materials and nearly all foodstuffs are increasingly in demand.

Netherlands Antilles

Another bright spot is the Netherlands Antilles, whose already growing tourist trade should be further enhanced by the Government's long range over-all resort development plan. The country is almost totally dependent on imports for all foodstuffs, which spells growing demand for most U.S. agricultural products. Construction machinery and building materials should also continue in strong demand.

In addition, the florin continues to be a strong currency (it was not affected by the devaluation of the other countries) and the per capita income, already high and more evenly distributed than in many of the islands, is still rising. Unemployment remains the one serious chronic problem.

Jamaica

U.S. exports to Jamaica increased from $86.7 million in 1965 to $114.5 million in 1966, and probably reached $130 million in 1967 despite the November devaluation (U.S. $2.40 equal one Jamaican pound).

The demand in Jamaica for U.S. goods will not be severely affected by the devaluation but the Jamaican Government has initiated several measures to reduce imports of specified commodities. The Government has initiated a crash program to expand the output of proteins grown in Jamaica by subsidizing the production of chicken, pork, and small-stock meats. The Government will control the prices of cheese, olive oil, household flour, non-alcoholic beverages, prepared food mixes, and seafood in order to discourage imports or induce importers to seek cheaper sources of supply.

As far as textiles are concerned, the Government has re-opened the Japanese market to encourage imports from outside the sterling and dollar areas. The Government itself intends to import chicken and pork to meet the present need, and, if necessary, it proposes to import drugs on a large scale and distribute them at controlled prices. However, the Government's import substitution program for foodstuffs will undoubtedly increase U.S. exports of agricultural implements and parts, irrigation pumps, poultry, and dairy equipment.

Trinidad-Tobago

Trinidad continues to be an excellent market for many U.S. manufactured goods, particularly heavy machinery, transport equipment, metal and other basic material manufactures, and appliances. The country also continues to increase its base of light manufacturing, and a growing number of consumer goods, particularly textiles and household items, are being placed on the restricted import list to reduce foreign competition.

Breeding stock, especially pigs and cattle, animal feedstuffs, and agricultural supplies and equipment still present excellent sales opportunities. Agricultural products that can be produced locally (and the Government is strongly pushing this) will be protected, however, against overseas products.

Caribbean

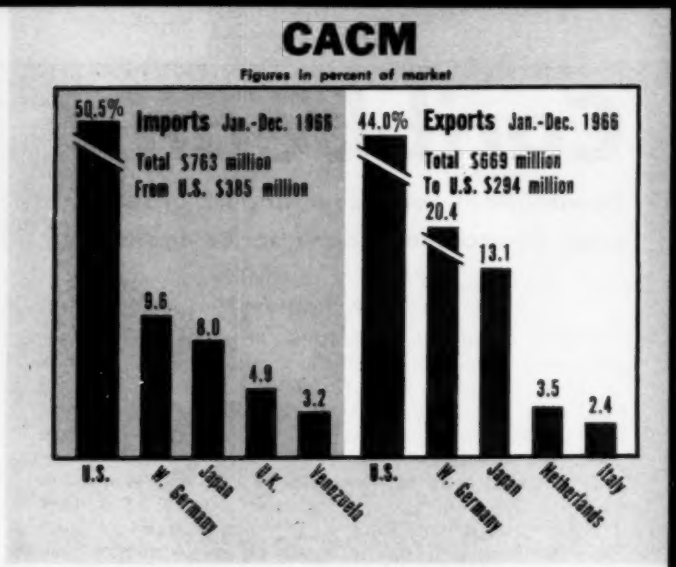
	1966 Imports				1967 Imports		
					January-Latest Month		
	From world (million $)	From U.S.	U.S. share %	Latest month	From world (million $)	From U.S.	U.S. share %
Bahamas c.i.f.	116		(1)	(1)	(1)	(1)	(1)
Bermuda c.i.f.	66	32	48		(1)	(1)	(1)
Jamaica c.i.f.	321	116	36.2	June	175	68	39
Nether. Antilles f.o.b.	616	57	9.2		(1)	(1)	(1)
c.i.f.	745	69	9.2		(1)	(1)	(1)
Trinidad & Tobago c.i.f.	457	65	14.1	Sept.	306	47	15.4

(1) Not reported.

Central America

U.S. traders face increased credit, import restrictions, but market still attractive

By JAMES M. VON STROEBEL
American Republics Division, BIC



In general the economies of the Central American Common Market (CACM) countries have reached a period of temporary leveling-off. Tighter credit and increased import restrictions on nonessentials can be expected, with greater competition from other foreign suppliers.

The formation of the CACM and the comparatively rapid rise in manufacturing in the area has led to a shift in the composition of trade, which will continue. Increasing Intra-CACM trade has become the most outstanding feature of the whole market.

Although the U.S. share of total imports into the five countries has declined slightly in recent years, the value of total imports and of imports from the U.S. has increased very noticeably. If only imports from outside of the CACM are considered, however, the U.S actually has increased its share.

Costa Rica

During the first half of 1967, imports increased by 11.9% from all sources, by 10% from the United States, and by 94% from the CACM. During the second half, however, they appeared to have fallen. Exports increased by 8.8% in the first half, with the most significant increase in industrial exports, mainly to the CACM.

Costa Rica has begun a transition from rapid economic growth based on increases in public and private consumption and large foreign borrowing to more balanced growth with emphasis on investment, especially in agriculture and roads.

A new 5% general sales tax and temporary surcharges on income and property taxes could slow consumption expenditures and reduce imports below the 1966-67 level. The composition of imports is expected to change, with new opportunities in some fields, especially agricultural imports.

El Salvador

After five years of sustained expansion, progress has slowed somewhat. Government efforts to stimulate the economy are being prepared, but some continued decline can be expected before programs can be implemented. Commercial bank credit and exchange controls have been tightened to reduce nonessential imports.

For the short-term, it is probable that U.S. exports will decline. Competition from Western Europe and other industrial suppliers is likely to intensify.

The immediate period ahead, however, should be relatively favorable for the study of new investments and the implementation of plans already made. Construction capacity and scarce skilled labor are more available than they have been for some years.

Guatemala

The economy experienced a slowdown during 1967, with a sharp drop in export earnings. Agriculture has been hit by lower coffee and cotton exports and overproduction in sugar. Government expenditures have lagged much below the anticipated rate. Commercial credit has tightened, and will continue to tighten.

Although the trend in the first half of 1967 indicated no drop in imports for 1967, the economic situation and new taxes on non-essential items can be expected to reduce imports in 1968. Luxury and consumer goods will be affected primarily but capital goods also will be affected to some extent. Guatemalan importers are likely to be persuaded more by price and financing factors than by brand name preference as in the past.

CHIEF CENTRAL AMERICAN IMPORTS FROM U.S.: machinery, automobiles and parts, chemicals, paper and paperboard, fertilizers and insecticides, medicinals and pharmaceuticals, wheat. **CHIEF CENTRAL AMERICAN EXPORTS TO U.S:** coffee, bananas, sugar, beef, shrimp.

Honduras

The growth rate slowed perceptibly in 1967, with poor crops and decreased banana and coffee earnings, and a continuing imbalance in payments. There was a sharp decline in capital outlays, with public investment expenditures below scheduled goals because of delays in major programs. The 1967-68 coffee crop, however, is expected to be good, and it is hoped that the road construction program will get well underway in 1968.

Imports are expected to increase slightly, and the continued unfavorable balance of trade is expected to be financed by foreign investment and loans. Road construction and agricultural machinery, agricultural chemicals and fertilizers, continue to offer good trade prospects.

Nicaragua

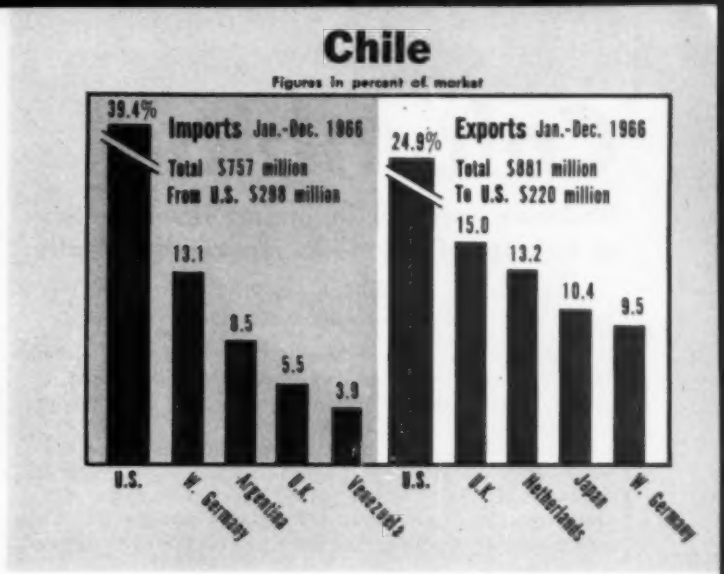
Two years of drought have slowed Nicaragua's economic progress somewhat. Imports leveled off in 1967, and exports increased slightly, but international reserves declined as a result of continued imbalance on current account. Both foreign and domestic investment have continued at high levels, supporting an active construction industry.

Local industry and the CACM are providing substitutes for a growing number of imports, but they require increasing amounts of raw materials and components. The general trend for imports from the U.S. should be slightly upward, with some shift in composition.

Chile

Economic growth expected to resume, push imports to record levels in 1968

By HERBERT A. LINDOW
American Republics Division



The outlook for trade with Chile is for an increase in imports to record levels in 1968. Total imports are estimated to reach $870 million, about a 7% increase over estimated 1967 imports. This represents a continuation of the expansion of Chilean imports which began towards the end of 1965 and resulted in a 25% increase in 1966 and an estimated 8.6% increase in 1967.

Imports in 1968 should be higher because of a resumption in economic growth which slowed in 1967 primarily because of sharp cutbacks in construction activity, lagging agricultural production and political uncertainties which inhibited some private investment expenditures.

In 1968, real GNP should grow by 5% versus 2.5% estimated for 1967. Also, prices for Chile's principal foreign exchange earner, copper, are expected to remain favorable.

The copper expansion program, calling for investments of slightly over half a billion dollars in 1967-71, is a principal element in the projected expansion of imports for 1968. This program is to accelerate in 1968 and, according to Chile's Corporation de Cobre, imports of capital goods for the large mining sector (companies producing over 25,000 metric tons of copper) are to reach $78.4 million in 1968 compared to $42.9 million for 1967. The bulk of these goods will come from the United States and will be financed by the Export-Import Bank.

Other important projects, which are or will be underway in 1968, and will require a considerable import component include: steel output expansion, development of microwave, earth satellite and other telecommunications facilities, expansion of copper wire and petroleum pipe production, modernization of the railroads and a number of others.

Promising imports

Additionally, Chile is expected to import a wide variety of road motor vehicles which are normally prohibited entry into Chile. For the lagging agricultural sector, Chile intends to import, through Government agencies, such as CORFO, increasing amounts of fertilizers, pesticides, agricultural tractors and breeding cattle.

A brief assessment of current business confidence indicates a mixed outlook. There have been some indications of reluctance on the part of investors outside the copper and petrochemical industries to go ahead with new investments in view of political uncertainties. In the meantime, however, the Government is attempting to restore business confidence by repeated references to the key role of private enterprise, and businessmen are organizing a strong campaign for the promotion of private enterprise. Future import demands include susbtantial quantities of capital goods reflecting strength in investment demand.

The latest available trade data indicate that Chile imported goods worth $757 million in 1966. Of this total, $298 million were of U.S. origin giving U.S. suppliers a 39.4% share of the Chilean import market. The Federal Republic of Germany with 13.1%, Argentina with 8.5% and the United Kingdom with 5.5% were the other main suppliers.

Waiting period reduced

Chile is continuing to reduce the mandatory waiting period required before foreign exchange may be remitted to pay for imports. This period was reduced on Oct. 25 from 60 to 50 days after the date of the bill of lading.

It is also understood that the Central Bank is periodically reducing backlogs of payments which are over 120 days past due. Despite this progress protracted delays still occur before suppliers receive payment. Failure on the part of the importer to fulfill any of the complex requirements of the Central Bank may result in delaying payment abroad. Among the reasons for the delays are: failure of the importer to submit correct documentation, failure to pay import duties or fines levied by the Central Bank, and generally any discrepancies or irregularities in documentation or in actual shipments to Chile.

CHIEF CHILEAN IMPORTS FROM U.S.: wheat, manufactured fertilizers, raw tobacco, construction and mining machines, machine and hand tools, road motor vehicles, basic iron and steel products. CHIEF CHILEAN EXPORTS TO U.S.: copper, iron ore, natural nitrates, fishmeal, and iodine, fresh fruits, lumber, wool.

From surplus to deficit

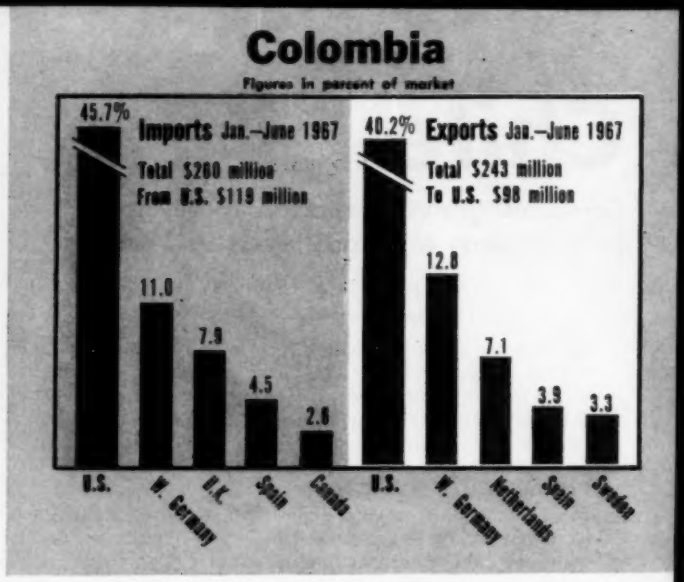
Although Chile registered a record balance-of-payments surplus in 1966, preliminary estimates indicate a deficit of about $20 million for 1967. In 1968, there will probably be some additional pressures on Chile's balance of payments in view of the high level of payments which will be due for imports made in 1967 and 1966. Also, about 20% of export earnings will be required to cover amortization and interest payments abroad. On the other hand, there will also probably be substantial inflows on capital account as a result of new investments and foreign loans.

The principal product categories which offer the best sales opportunities to Chile in the coming months appear to be: wheat, unmanufactured tobacco, manufactured fertilizers, hand and machine tools, internal combustion engines, agricultural and industrial tractors, textile machinery, road motor vehicles, equipment for construction of railroad freight cars and railroad maintenance equipment, telecommunications equipment, pumps and centrifuges and mechanical handling machinery and equipment.

Colombia

Moderate increase in import level likely as balance of payments recovers gradually

By LOUIS J. MURPHY
American Republics Division, BIC



Colombia's total imports in 1968 are expected to resume an upward trend, with the magnitude of the anticipated increase ultimately depending upon the level of 1968 foreign exchange earnings from exports.

Present, though very preliminary, indications are that 1968 imports may increase 15% over the estimated 1967 total of approximately $520 million (CIF). It is anticipated that, despite growing competition, U.S. exports to Colombia will keep pace with this rise, thus reaching the $280-285 million (CIF) level.

This outlook for a moderate growth in 1968 Colombian import demand stems from measures adopted to alleviate the severe balance-of-payments problem and resultant scarcity of foreign exchange which occurred in 1966.

During late 1966 and early 1967, the Colombian Government instituted strict controls over all foreign exchange transactions and imposed a prior licensing system on all imports. One of the results was a sharp drop in the 1967 import level, currently projected at up to 25%.

While Colombia's international payments status has improved and the monthly import level has increased somewhat in recent months, the balance-of-payments situation requires close and continuing scrutiny, and no general easing of import controls is anticipated in the near future.

No official data are currently available concerning the 1967 growth in Colombia's GNP. However, it is estimated that the considerable decline in imports and the slowdown in domestic economic activity limited GNP growth to a 3.5-4% increase (in current terms) over the 1966 level of approximately $5.5 billion. While no specific GNP growth target rate has been established for 1968, the Colombian Government's policy is to implement measures leading to the realization of a higher rate.

Present status

Among near-term objectives attained during 1967, the backlog of commercial arrears, which had accumulated during the Dec. 1966-Mar. 1967 period, were eliminated by mid-July, almost six months ahead of the announced target date of year-end 1967. In addition, as the balance-of-payments situation gradually improved, the Superintendency of Foreign Trade raised the amount of reimbursable import licenses issued to a monthly average of $40 million during the last quarter of 1967.

Latest U.S. export statistics demonstrate the effects of the tight import regulations on Colombian demand for U.S. products. U.S. exports to Colombia in Jan.-June 1967 totaled $111.5 million, down 21.6% from the $142.3 million exported in the comparable period of the preceding year.

During 1967, the Colombian Government initiated a number of measures aimed at stabilizing the domestic economy, improving the country's foreign exchange earning base, and thus raising the potential import level.

The vital field of exporting was given a decided incentive by the establishment of a tax credit certificate system for all exports except coffee, petroleum and by-products, and raw cattle hides.

During 1967, the Government's policy toward private investment was further clarified. The prime emphasis will be placed on attracting those long-term proposals which most benefit national development, and offer the best prospects for increased employment opportunities and maximum utilization of Colombian raw and intermediate materials. New investment will continue to be screened by the Planning Department and annual remittance of profits limited to 10% of net value except in specific cases authorized by the National Council for Economic Policy.

The Government has organized public/private committees to study industrial sectors of particular promise, with the findings to be used as guidelines for both public and private investment. The primary focus of these studies will be the requirements and opportunities of Latin American integration, with an emphasis on domestic job creation and the use of Colombian inputs. In addition, agriculture, the primary source of any near term export increase, will be the subject of surveys designed to improve land utilization, crop diversification, and other programs.

CHIEF COLOMBIAN IMPORTS FROM U.S.: road motor vehicles and parts; general industrial machinery and parts; wheat, organic chemicals; paper and paperboard; fertilizers and related materials; medicinal and pharmaceutical products. **CHIEF COLOMBIAN EXPORTS TO U.S.:** coffee, petroleum products; sugar; precious metals and gems; leather; cotton fabrics; tobacco.

Best potential

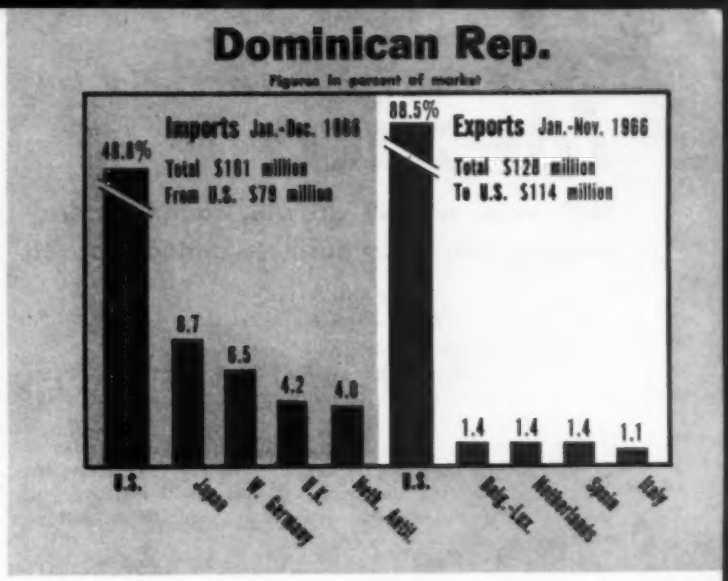
With the continuing need to keep import payments in approximate balance with export earnings, 1968 Colombian imports are likely to be limited, as far as possible, to items required for further economic development or existing local industry. In general, these include capital goods, industrial apparatus, raw materials or semifinished products for local processing or assembly, and sophisticated equipment for the increasing Government public works projects.

Specific examples include: agricultural machinery; machine tools; metalworking machinery; iron and steel products; paper and paperboard; general industrial machinery; telecommunications equipment; pharmaceuticals; and organic chemicals.

Dominican Republic

GNP increase predicted; agricultural equipment seen as fastest growing import

By ROBERT BATEMAN
American Republics Division, BIC



U.S. exports to the Dominican Republic should rise slightly in 1968. There will be some increase in the U.S. share of the market if, as expected, total Dominican imports hold steady.

Factors affecting international trade include the relatively large size of the U.S. AID program, import controls connected with the austerity program of the Balaguer Administration, and a continuing shortage of liquid foreign exchange. Transactions under AID letters-of-credit are a relatively important part of total trade. The U.S. AID program for fiscal 1967 consisted of about $54 million in all types of assistance including development loans and Food for Peace. Total Dominican imports in 1966 amounted to $159.5 million, $77.5 million of which were from the United States. The total for 1967 should reach $165 million, with upwards of $97 million from the United States. With an increase in Dominican export earnings, however, there will be a tendency for the proportion of locally financed imports from the United States and from third countries to grow.

The temporary import controls have been extended until June 30, 1968. But even when they are lifted there is likely to be some manner of discouragement of luxury imports in favor of capital goods. Since Dominican development programs are stressing agriculture and agricultural industries, agricultural machinery and equipment should be the fastest growing items among Dominican imports.

GNP growth seen

Wholesale and retail price and cost-of-living indexes remained almost constant during 1965, 1966 and 1967. Estimates by the National Statistics Office show a GNP of $1,066 million for 1964, $899 million for 1965, and $996 million for 1966. The Dominican Planning Office has predicted a GNP of $1,029 million in 1967 and $1,113 million in 1968.

Continuing balance-of-payments difficulties not only have restricted the liquid foreign exchange needed to meet government debt obligations but also have led to a decrease in the money supply that has put a mild damper on local economic activity. But, in general, Dominican businessmen are optimistic about the future, expressing confidence that the present austerity program will achieve the desired effect.

Prospects promising

Prospects for a long-term increase in export earnings are, in fact, promising. Agricultural production was up in 1967 despite the spring drought. Specific products such as beef, tomatoes, tomato paste, plantains, peppers, yautia, sorghum and yucca have shown highly encouraging trends.

Though slightly lower than earlier projections, total Dominican export growth has been good—27 out of 41 export items were higher in 1967 than in either 1966 or 1965. With an even greater diversification and intensification of agricultural production, Dominicans hope to both decrease food imports and enter more foreign markets.

Although diversification will eventually reduce sugar's predominance in the Dominican economy, it is realized that sugar will continue to be a very important commodity. For this reason, efforts are being made to increase the efficiency of sugar production. In the 1966-67 crop year, the State Sugar Council reduced average production costs to 5.31 cents per pound from the 8.10 cents of the previous crop year.

CHIEF DOMINICAN IMPORTS FROM U.S.: wheat, vegetable oils, automobiles, tractors, pharmaceuticals, construction machinery. CHIEF DOMINICAN EXPORTS TO U.S.: sugar, coffee, chocolate, tobacco, bauxite, molasses.

The economy of the Dominican Republic reacts swiftly to changes in the political climate. Thus, business confidence is expected to be given a lift by the municipal elections scheduled for May.

Incentive laws studied

While the atmosphere for business is improving, the industrial incentive laws of the Dominican Republic have not proved entirely adequate to the task and are being reviewed and studied for possible improvements. Part of the problem has been that investors have felt the need to negotiate individual contracts with the government, whereas tax exonerations and other benefits should become effective according to general rules. Under agreements with the Dominican Republic, the United States can provide for investment guarantees covering convertibility, expropriation, war, revolution, insurrection and extended risk.

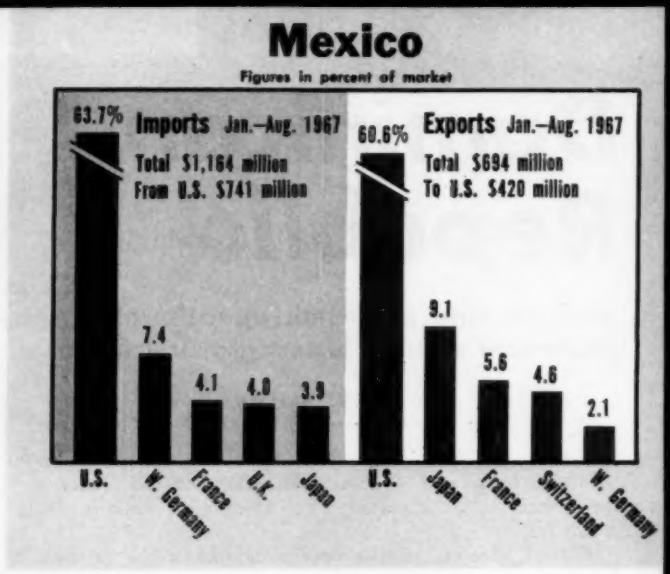
Of considerable interest recently has been the Joint Puerto Rico-Dominican Republic Economic Development Commission, which held its first meeting Nov. 9. The immediate goal of the Commission is to increase trade between the two islands, but a general intensification of economic, commercial and cultural relations also is planned. A basic complementarity exists with the unexploited agricultural resources in the Dominican Republic on the one hand and the high level of industrial and tourist activity in Puerto Rico on the other. The Dominicans hope to draw upon the successful developmental experience of Puerto Rico and to encourage cooperation between the two countries at all levels.

Mexico

High rate of GNP growth, sound currency produce favorable business outlook for '68

By PAUL S. FLORES

American Republics Division, BIC



Mexico's imports, which registered an increase of 10.8% in the first nine months of 1967 over the corresponding period of 1966, should continue to increase at about the same rate in 1968.

Exports in the first nine months of 1967 were 3.5% below exports for the same period in the preceding year. However, indications are that the export situation will improve and that Mexico's exports will achieve a moderate increase in 1968.

Rising import levels will be sustained by the high rate of Mexico's economic development which requires a steady inflow of capital goods and materials to support and feed the country's ever-expanding industrial base; a high growth rate in the GNP; a high level of public and private investment; increased tourist income; and a stable currency.

Economic indicators for the first nine months of 1967 point to a GNP real growth rate of slightly above 7% as compared to real growth rates of 7.5% in 1966 and 5.4% in 1965.

Business climate good

The business climate in Mexico continues to be buoyant. A record level of public spending in 1967 resulted in a 50% increase in imports by the public sector in the first nine months of 1967 over the corresponding period of 1966. This increased economic activity in the public sector should contribute to an even better overall business climate in 1968.

The stepped-up public investment program, which is largely directed to infrastructural projects, has been more carefully regulated under the present administration in an endeavor to obtain optimum returns. Mexico's excellent international credit standing, supported by a strong currency, assures it of access to international sources for any outside financing needed to continue its development programs at present high levels.

Trade outlook favorable

The outlook is for a steady increase in Mexico's imports in 1968. In the first eight months of 1967, Mexico's imports totaled $1,164 million, of which the United States supplied $741 million or 63.7% of the total. The U.S. market share was about the same as for 1966. Over the three-year period 1964-66 the U.S. share declined from 68.5% to 63.9%. The principal competitors continue to be West Germany, France, the United Kingdom and Japan.

The recent British devaluation could strengthen that country's trading position with Mexico somewhat and several trade groups from the United Kingdom visited Mexico shortly after the devaluation in an effort to stimulate the sale of British products.

Japan also has accelerated its sales efforts in Mexico and has been able to win some sales from other foreign suppliers, especially in the telecommunications equipment line, by offering longer term financing, including the financing of local costs.

Imports in 1968 will continue to consist primarily of capital and producer's goods including heavy machinery, advanced instrumentation for industry, transport and communications equipment, and many types of raw materials and components for industry and for replacement. This type of merchandise accounts for more than 80% of Mexico's imports and the United States is in a good position to continue as the predominant supplier of these goods.

In an effort to create an internationally competitive industrial sector, Mexico has liberalized the importation of certain materials and components if they are to be incorporated in a product destined for export. Mexico recognizes the need to increase its exports of non-traditional products in order to be able to finance the growing volume of imports of capital goods and materials needed to maintain adequate rates of economic growth.

CHIEF MEXICAN IMPORTS FROM U.S.: industrial machinery, transport equipment, motor vehicles, tractors, chemicals, mineral fuels and lubricants, iron and steel, including scrap. **CHIEF MEXICAN EXPORTS TO U.S.:** coffee, sugar, shrimp, petroleum, tomatoes, melons, frozen strawberries, sulfur.

Financial position strong

The Mexican peso has been maintained in a strong position by the sound financial policies of the present administration which has just started the second half of its six-year term. The peso is backed by more than $1 billion in reserves and standby credits and the outlook is for its continued stability in the foreseeable future.

Although Mexico experienced its perennial sizable trade deficit in 1967, indications are that income from tourism, border transactions and capital movements just about balanced or produced a small surplus in the overall balance-of-payments accounting.

Tourism income, which did not grow at expected levels in 1967, is expected to increase substantially in 1968, partly because of the lure of the Olympic Games to be held in Mexico City in October.

Expected higher exports of agricultural products will also contribute to an improved international position. Some important agricultural export products suffered from adverse weather conditions in 1967 and did not attain their usual export levels. For example, exports of cotton, Mexico's principal export product, dropped from $110 million in the first nine months of 1966 to $57 million in the corresponding period of 1967.

Peru

Imports expected to decline as economy adjusts to devaluation, tariff increases

By BRUCE SEVER
American Republics Division, BIC

U.S. exports to Peru are expected to decline to between $220-230 million in 1968, as compared with an estimated $254 million in 1967 and $309 million in 1966. The expected decline in imports reflects the combined effect of the sharp (44%) devaluation of the Peruvian sol last September and the large increase in import duties which went into effect last June.

Peruvian exports are expected to score a modest increase of about 2% over 1967 levels, which represents a slowdown in the rapid export growth of recent years. The depressed state of the fishmeal industry and a planned significant expansion in new mineral production are among the factors which account for the modest projection of growth for exports.

A slower rate of growth is also projected for the Peruvian economy as a whole. This is in line with the forecast for the export sector, which in the past has been the most dynamic element contributing to overall growth.

Reduced capital outlays, decline in capital imports, expected reductions in public investments and tight monetary and fiscal policies (to contain inflation) are among other factors pointing to a slowdown in the growth rate.

Trade balance improves

For the first 10 months of 1967, the deficit in Peru's trade amounted to $86.9 million as compared to a deficit of $64.4 million in the corresponding period of 1966. However, it appears that the devaluation and other restrictive measures of the government may be having the desired effect, since a slight trade surplus of $0.3 million was recorded in Oct. 1967. Nevertheless, on Oct. 31 the foreign exchange reserves of the Central Bank stood at only $79 million, a decline of 45% from reserves of a year ago.

Subsequent to the devaluation, there has been in effect a system of dual rates of exchange. The certificate rate of exchange, which applies to all merchandise trade, related services and other specified transactions, has held steady since Nov. 24 at 38.7 soles to the dollar. A draft rate of exchange which applies to tourist expenditures and other transactions not permitted in the certificate market has hovered at about 40 soles to the dollar.

The government is also plagued by the substantial increase in its debt service requirements which now amount to about 17.8% of annual export earnings. The total outstanding foreign debt is now estimated at $720 million. Long term credits by agencies such as the World Bank or the Agency for Interntaional Development could alleviate the current exchange squeeze and provide resources with which to sustain accelerated growth rates, but such assistance is likely to depend on the government's efforts to correct exchange disequilibrium, improve fiscal performance, restrain monetary expansion and contain inflation.

Reflecting the September devaluation of the sol, the cost of living jumped 2.5% in October. This brought the cost of living for the year (Jan.-Oct.) up 15.8%, as compared to 7% for the same period in 1966.

The government's efforts to correct its balance-of-payment problem will to a large extent depend on its ability to contain inflationary pressures during 1968. A continuance of the 1967 rate of inflation would nullify the effect of the import duty hikes and devaluation by increasing the cost of Peruvian exports and creating a large demand for imports.

The government thus plans to contain inflation through tight controls over commercial expansion of credit, reducing public expenditures, increasing tax revenues, and abstention from central bank borrowing.

CHIEF PERUVIAN IMPORTS FROM U.S.: machinery, transportation equipment, chemicals, wheat and rice, metal manufactures, petroleum products, textile products. CHIEF PERUVIAN EXPORTS TO U.S.: copper, fishmeal, sugar, lead, iron and zinc ores, concentrates and alloys, and fresh chilled or frozen fish.

Wheat and machinery and equipment for farms, food processing industries, and the generation and transmission of electricity are among the most promising commodities for sales in Peru during 1968.

Peruvian imports of semi-manufactured goods and industrial raw materials appear least affected so far by the present general decline of imports.

U.S. export categories showing increased shipments to Peru during the first seven months of 1967, as compared with the corresponding period of 1966, include textile yarns and fabrics, inorganic chemicals, pigments, paints and varnishes, clay and refractory materials, glass, essential oils, perfumery, and miscellaneous crude minerals.

Hand and machine tools, miscellaneous manufactures of metals, electrical switchgear, diesel and other non-electrical power generating equipment, and office machines are among other items that will continue to enjoy a good market.

U.S. exhibits at Lima fair

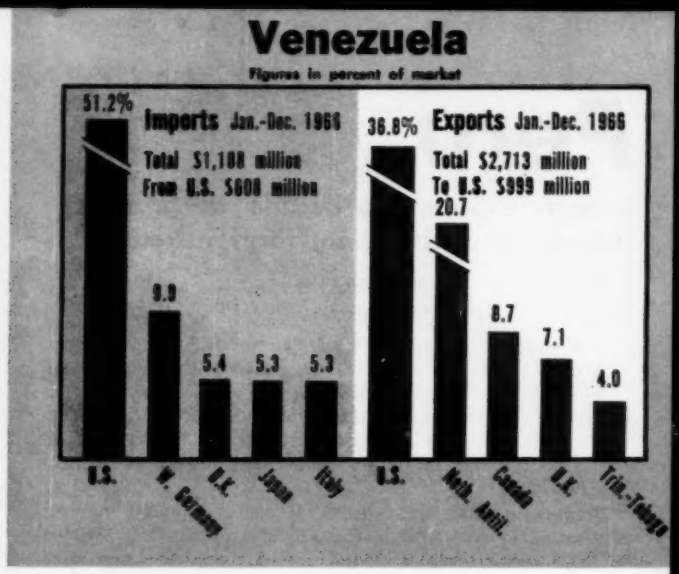
The general atmosphere of uncertainty in Peru seemed apparent to persons manning the U.S. Exhibit at the Fifth Pacific International Trade Fair held in Lima from Oct. 27-Nov. 12. Most Peruvian businessmen were postponing major purchases, and few actual purchases of large items displayed at the exhibit were sold on the spot. Nevertheless, sales of less expensive items were a respectable $300,000.

Under consideration for the coming year are several trade missions to investigate sales opportunities in Peru.

Venezuela

Imports expected to rise slightly, but shipments from U.S. may decline

By DAVID McCRACKEN
American Republics Division, BIC



Venezuelan imports were expected to show a slight advance in 1967 and again in 1968, but imports from the United States may register a modest decline as a result of growing competition from third-country suppliers. Venezuelan exports probably rose by over 4% in 1967, with a much smaller increase expected for 1968. Exports to the United States probably rose by 2% and by less in 1968.

The rise in imports stems from expanding domestic industry which will require greater imports. On the export side, there is an expected increase in petroleum exports, which have been stimulated by the Middle East situation. The further increase forecast in 1968 is accounted for in part by the expected recovery of iron ore exports and a modest rise in petroleum exports.

State of economy

Venezuela's gross domestic product is expected to show a growth rate of 4½-5% in 1967 (in real terms), to about $8 billion, and at perhaps the same rate of increase in 1968. Until the outbreak of the Middle East crisis in June, the rate of growth in 1967 was only 3-3.5% which was just about equal to the population growth rate (3.5%).

Price levels have been steady for the past year or more, except for imported goods, which rose 1% in the year ending in June 1967.

Business confidence is improving as the economy pulls out of the 1966 slump, aided by the boost in petroleum exports. Yet, it is not clear whether enough stimulus has been generated to sustain continued growth if petroleum output begins to decline. A wait-and-see attitude may be developing as a result of uncertainties stemming from a recent crisis in the governing political party (Accion Democratica) and from the 1968 elections. There seems to be, however, little concern that a drastic shift in government policies will result from the elections.

Trade trends

As the import substitution program nears completion, imports of consumers' goods will remain at a reduced level while capital goods imports for their production taper off. Attention is now being turned more to intermediate goods production. Several very large projects are in development. Two notable examples are the $80 million first stage of the Tablazo petrochemicals complex and the $110 million steel plant addition for the government-controlled Siderurgica del Orinoco (SIDOR) steel mill.

Petroleum exporters are faced with a special problem in the growing need to satisfy U.S. clean air policies, which favor a lower sulphur content petroleum than Venezuela produces. Negotiations are underway with petroleum companies for the establishment of desulphurization processes in Venezuela. The need for desulphurization adds, however, to the cost of Venezuelan petroleum, already under competition from lower-priced Middle East oil.

Product categories which appear to offer U.S. exporters high sales potential include construction and materials handling equipment; certain types of coated or impregnated papers and paperboards; electric hand-tools; airconditioning, ventilating and air purifying equipment; certain plastics; foundry and metalworking equipment; graphic arts equipment; certain pumps; hospital and medical equipment; and packaging equipment.

The sales potential of some of these lines is heavily dependent on the ability of U.S. exporters to offer competitive prices and terms. An increase in metalworking equipment imports may be delayed until commencement of the expansion of the SIDOR steel plant.

Availability of foreign exchange should continue to present no problem to importers. A surplus is expected in the current account balance of payments this year, reversing the small deficits of the past two years.

The Department of Commerce plans to sponsor several industry-organized government-approved trade missions in 1968 in an effort to fully develop opportunities offered by the Venezuelan market. Missions now tentatively planned include participants in the areas of medical supplies and equipment and petroleum production equipment.

Investment climate

Foreign investment is welcomed when it creates new industries or provides advanced technology, particularly in the case of export industries, and when the investment is made in partnership with local investors. However, there is a growing feeling on the part of Venezuelans that foreign investments which compete with local industries or which seek to utilize domestic capital are not desirable.

The government has made it clear that it seeks a major and direct role in the establishment of new basic industries (steel, petrochemicals, aluminum, etc.), although it is willing to associate in such ventures with foreign capital under certain conditions.

The list of concessions made by Venezuela to the United States under the 1962 reciprocal trade agreement may be re-negotiated in time to stimulate U.S. exports to Venezuela in 1968.

CHIEF VENEZUELAN IMPORTS FROM U.S.: vehicles, wheat and meslin, pumps and centrifuges, mechanical handling equipment, electrical power machinery, electrical equipment and appliances, construction and mining equipment. **CHIEF VENEZUELAN EXPORTS TO U.S.:** petroleum, iron ores and concentrates, coffee, beet and cane sugar, diamonds, bananas, shellfish.

Western Europe

Commercial crosscurrents make trade outlook difficult to predict

By J. ROBERT WILSON
European Division, BIC

The widely expected revival of economic activity in Western Europe provides a favorable climate for a substantial increase in American exports. Nevertheless, 1968 is expected to be a year of commercial crosscurrents, which makes it unusually difficult to predict the course of trade.

Except for booming Italy, the major European countries have recently experienced the longest economic pause since World War II. The resulting weakening of demand affected imports, including those from the United States. The final trade returns for 1967 are expected to show only a modest increase in American sales to Western Europe.

Recently, economic indicators have finally turned upward, especially in the key country of West Germany, where expansionary forces are now gradually gaining momentum. The Commission of the European Communities, in its quarterly report prepared in mid-September, forecast a 4.5% increase in real GNP for the six member countries in 1968. A corresponding increase in American exports to the Common Market could, other things being equal, be expected.

The Organization for Economic Cooperation and Development, in its *Economic Outlook* which was published last month, anticipates an expansion of domestic demand in Western Europe as a whole from 2% in 1967 to 3½% in 1968.

In regard to German prospects the OECD is somewhat less optimistic than the Commission of the European Communities and is particularly concerned that the effects of restrictive fiscal measures presently envisaged may slow down the growth of aggregate demand during the course of the year.

The OECD expects a recovery in European imports but considers prospects for the second half of 1968 rather uncertain.

The Nov. 18 devaluation by the United Kingdom, and the subsequent moves by Denmark, Spain, Iceland and Ireland, inject a new element into the European competitive situation. These countries account for 13% of world imports.

To the extent that the British and the others succeed in registering export gains at the expense of their European competitors, demand in the competitors' countries will be weakened. This may take some of the steam out of the anticipated economic expansion and in turn result in decreased demand for imports, including those from the United States. The small industrial countries that depend heavily on exports are in a particularly vulnerable position.

Total import demand in the devaluing countries is, almost by definition, bound to decline in the short run. However, preliminary analysis of the effect on American exports to the U.K. does not rule out some expansion of our exports in the course of the year.

Sales of capital equipment may even benefit by the devaluation, and British demand for many American farm products should remain firm. If British exports flourish as a result of devaluation, demand for supporting imports should eventually rise. Thus the second half of 1968 may well see a substantial rise in American shipments to Britain.

Kennedy Round opportunities

On July 1, the customs union of the European Communities will be an accomplished fact. The remaining internal duties, which have already been reduced to 15% of their original 1957 levels, will then be abolished. At the same time the Common Market countries will complete the alignment of their national tariffs to the common external tariff (CXT). Simultaneously, the first two stages of the Kennedy Round reduction will be implemented and reflected in the level of the duties of the new CXT.

The resulting reductions will be particularly substantial in the case of the high-tariff EEC members, France and Italy.

Similarly the preferences enjoyed by the members of the European Free Trade Association in their trade with one another will be diminished by the implementation of the Kennedy Round tariff reductions. Since the beginning of 1967 the seven full members of EFTA have enjoyed duty-free treatment for their internal trade in industrial products.

Under these circumstances price competition is expected to be increasingly keen. With inflationary tendencies again in evidence on both sides of the Atlantic, and many questions of fiscal policy still unresolved, it is impossible to venture a guess as to where the advantage will lay in the course of the year.

West Germany's changeover from the cascade type turnover tax system to the tax on value added, which began on Jan. 1, is bound to cause some shifts in the competitive situation via border tax adjustments.

France, which already has the tax on value-added system, has also introduced a number of tax changes.

The Netherlands will introduce a transitional system intended to pave the way to its adoption of the tax on value-added in 1969.

These changes on the part of the Common Market countries are being made pursuant to 1967 EEC tax harmonization directives which require the adoption of the tax on value-added system, not necessarily common tax rates, by Jan. 1, 1970.

Although export rebates vary from country to country, and even from product to product, in general these rebates tend to be higher under the tax on value-added system than under the cascade system.

The excellent harvest enjoyed by Western Europe will adversely affect the prospects for certain American agricultural exports in the coming months. This will be particularly true for exports to the EEC where the Common Agricultural Policy, now in effect for most of the bloc's agricultural production, tends to reduce outsiders to the position of residual suppliers.

Export expansion

President Johnson, in his recent statement on the balance of payments problem, termed American exports "the cornerstone of our balance of payments position." Inasmuch as our exports to Western Europe represent a third of our total exports of $30 billion, this market obviously deserves the most careful cultivation.

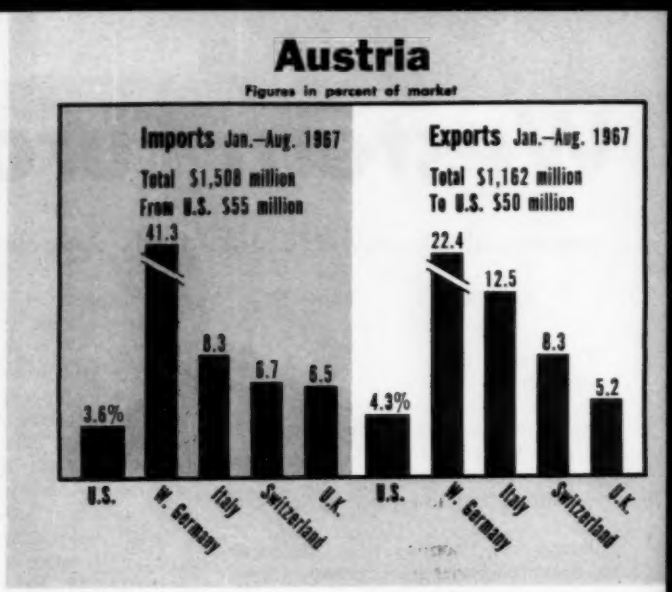
The following country reports do not include half a dozen smaller countries which together represent a market for about $200 million of U.S. exports. Foremost among these, in terms of their present importance as markets, are Ireland, Portugal and Iceland.

These countries, with their high potential for rapid development, should not be overlooked by American exporters.

Austria

Growth slowdown means U.S. exporters must redouble sales efforts

By ALFRED J. WHITE
European Division, BIC



American exporters to Austria will have to redouble their efforts to maintain their share of the market in coming months.

The Austrian economy has been in a slowdown. Exports have been increasing but imports have been declining gradually, reflecting the sluggish domestic scene. The Austrian Government expects an upturn by the middle of this year and is pursuing stimulative budget and monetary policies.

A key factor in this expectation is an anticipated upswing in the economies of Austria's chief trading partners, particularly Germany.

In the early months of this year exports will probably continue to increase, but there may be no significant upturn in imports before mid-year.

In addition to the economic slowdown, various other factors combine to make selling in the Austrian market more difficult: good crops last year which will lessen the need for imported agricultural products; proposed increases in Austrian border taxes; the elimination of most internal EFTA industrial duties, which has already affected the composition of Austria's foreign trade; and growing trade with neighbouring Eastern European countries.

On the other hand, the first phase of Austria's Kennedy Round tariff reductions went into effect Jan. 1, which should be a spur to buying from the United States.

In 1967 the Austrian GNP was estimated at about $10.6 billion, an increase of 6% at current prices but only 2% in constant prices over the previous year. The growth rate in real terms this year is expected to be in the range of 3 to 4%.

In spite of the slower growth rate last year, the price trend in Austria has been upward. The consumer price index rose about 4% in the first nine months of 1967. Labor costs have been rising and are considered to be in excess of productivity gains. A new round of wage increases may be in the offing.

Estimates based on latest available data indicate that total industrial production in 1967 probably did not exceed that of the previous year. Unemployment rose slightly in the first three quarters. Reflecting the economic situation, the business community has had a wait-and-see attitude, and there has been considerable holding-off on investment decisions.

Contributing to this attitude is uncertainty over Austria's bid for association with the Common Market, which has so far not been successful. For the first time since the spring of last year, however, industrialists are showing signs of optimism in expectation of an upturn in the first half of this year.

Imports down

Austrian imports in the first nine months of 1967 were 2% less than in the same period of the previous year, while exports were running about 7% higher than the year before. The result was a substantial decline in the trade deficit.

Trade with the U.S. declined in the first nine months of 1967. Imports from the U.S. were down 22% while Austrian exports to the U.S. were down only slightly. Apart from the slowdown in the Austrian economy, the major cause of the decline in imports from the U.S. was a heavy drop in purchases of U.S. feed grains, due in turn to good crops in Austria and nearby countries.

The trend toward reduced feed grain is likely to continue.

Two recent Austrian trade actions may adversely affect imports. In October of last year, already high tariffs on sugar, starch and numerous items containing these products were replaced by a system of variable levies which may be more restrictive than the replaced tariffs. Now before the Austrian Parliament is a Government bill calling for increased border taxes, which may also have a dampening effect on imports.

The recent devaluation of the British pound will tend to strengthen the U.K.'s competitive position in Austria.

On the plus side, the Austrians on Jan. 1 implemented the first phase of the Kennedy Round tariff cuts negotiated last year. The concessions cover most imports and include substantial cuts on chemicals, machinery, electrical equipment, plastics, petroleum products and many other items. On Jan. 1 the Austrians also removed discriminatory taxes on automobiles with large cylinders, which may eventually result in increased U.S. auto sales.

The U.S. Embassy in Vienna reports lively interest in U.S. products at recent trade shows in Austria. A successful America Week held recently in a large Vienna department store revealed excellent prospects for many kinds of U.S. merchandise. Vienna is an ideal show window for businessmen interested in the near-by Eastern European market.

Much of Austrian industry needs modernization, rationalization and diversification. For this reason the most advanced and sophisticated automated machinery, tools and data processing equipment should offer good prospects for U.S. exporters.

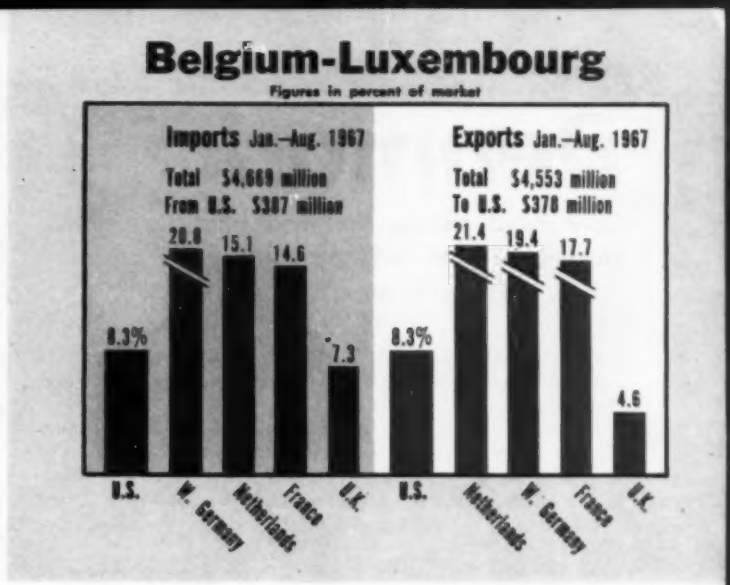
The Embassy reports, however, that recent U.S. participation in Austrian trade fairs has been inadequate and indicates that more intensive trade promotion efforts are needed in order to succeed in this market.

CHIEF AUSTRIAN IMPORTS FROM U.S.: ores, raw cotton, raw tobacco, silver and silver alloys, soybean oil residues, chemicals, machinery. **CHIEF AUSTRIAN EXPORTS TO U.S.:** non-electrical machinery and equipment, steel bars and profiles, wool outer garments, motorcycles, glassware, bicycles, rhinestone and beads.

Belgium

Three-year downturn extends into 1968, but there are signs of an upswing

By ROBERT H. WALKER
European Division, BIC



Characterized by some as a mini-recession, the three-year downturn in Belgium will extend into 1968. Nevertheless, there are elements which foreshadow an end to the slowdown and a resumption of forward movement. Assuming improvement, imports in 1968 will make a more rapid rise than exports, and shipments from the United States may be expected to show a moderate increase.

Among the factors likely to contribute to an upward trend are: economic headway achieved by Belgium's major trading partners, an improved wage-cost productivity ratio, recovery of stock prices, a liquid money market, and an augmented investment program for domestic and foreign business.

The Belgian gross national product (GNP) reached an estimated $19 billion in 1967. In constant prices, this represented an increase of about 2% over 1966, compared with an average of 5.1% in the period 1960-65. The government budget for 1968 was balanced on the assumption that GNP would grow 3% in constant prices. This assumption may be overly optimistic unless a vigorous and early upturn occurs.

The most noticeable economic indicator in 1967 has been the rate of unemployment. Although the number of completely unemployed at the end of October amounted to only 2.4% of the work force, the total had risen about 50% over October 1966. Much of the unemployment is concentrated in the depressed coal mining areas.

During 1967, inflationary pressures in evidence for at least three years, largely cost-push, relaxed. The wholesale price index declined and in August was 0.8% below August 1966. Retail prices still advanced, however, but at a slower pace.

The slowing in the retail price rise had a moderating effect on the wage structure, and wages rose less in 1967 than in 1966.

Under the authority of the special powers granted to the government, a number of decrees have been issued to promote domestic and foreign investment. Foreign investments have been made mainly in the advanced sectors of industry and have bolstered an otherwise sluggish economy.

While the corner has not been completely turned, local businessmen, bankers, and other observers reflect a new optimism and are predicting an upturn in the economy.

Total imports of Belgium-Luxembourg (BLEU) for the first eight months of 1967 reached $4,669 million, only 0.08% above the comparable months of 1966. Total exports showed better performance, rising 3.6% to $4,553 million.

The small increase in foreign trade may be attributed directly to the low level of exports to BLEU's best customers, the Netherlands and the Federal Republic of Germany, which were below the 1966 period by 1.8% and 5.7% respectively.

Sharp increases in exports to France and Italy (up 15% to 33.7%) helped maintain the share of the Common Market, 62.6%, at near the 63.1% level for Jan.-Aug. 1966.

Trade with the United States slowed substantially, compared with the momentum attained in the first eight months of 1966. Imports from the United States rose by only 4.4% to $387 million, while exports to the United States, amounting to $378 million, actually declined 1.4% below the Jan.-Aug. 1966 level.

CHIEF BELGIUM-LUXEMBOURG IMPORTS FROM U.S.: grains, nonelectrical machinery, chemicals, motor vehicles and parts, oleaginous seeds and fruits, textiles, coal, aircraft and parts. CHIEF BELGIUM-LUXEMBOURG EXPORTS TO U.S.: iron and steel mill products, diamonds, nonferrous metals and products, textiles, motor vehicles and parts, glass and glass products, photographic goods.

For the eight-month period, the United States increased its share of the BLEU market to 8.3% against 7.9% last year. The relatively better performance of imports from the United States over total imports would indicate an opportunity exists to gain back some of the market share which has been gradually declining for the past several years.

The final elimination of internal Common Market tariffs and the alignment of the Benelux tariff on the Common External Tariff will take place July 1, and will create some additional competition for the U.S. exporter. Nevertheless, since this is the final step in completing the Community customs union, the basis for competition, in respect of tariffs, should stabilize. Further, the tariff reductions negotiated in the Kennedy Round, as they become applicable, will ease some of the competitive pressures.

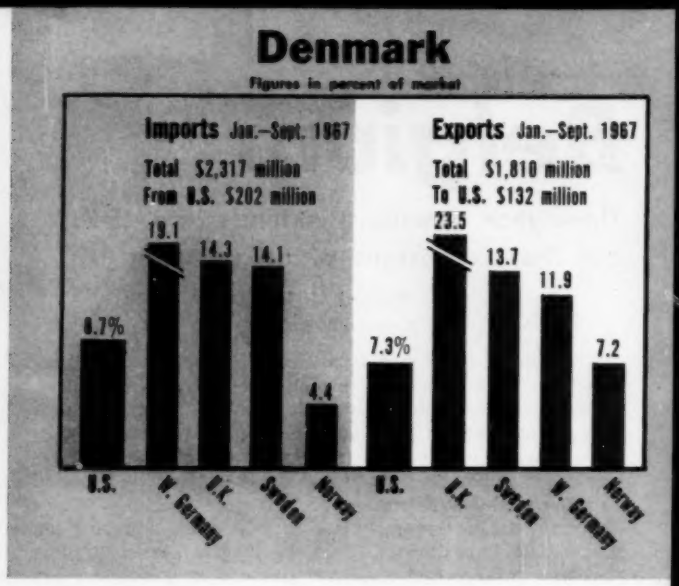
The overall mood in Belgium concerning the British devaluation is one of optimism. No particular effect on the economy is foreseen by observers. To believe that U.K. competition will suddenly displace BLEU from its traditional markets is felt to be an exaggeration.

Although the exceptional harvest in Europe may produce problems for U.S. grain shipments and coal quota cuts may result in lower coal exports, there are favorable opportunities for a number of other products including: household gas appliances, plastics, scientific and medical instruments, materials handling and hoisting equipment, sophisticated machine tools, ready-to-wear apparel, especially men's and women's casual wear, earthmoving equipment, advanced electronic items, computers, and packaging machinery and supplies.

Denmark

Continued strong demand likely for imports of U.S. machinery

By BOBETTE HEIEN
European Division, BIC



Current prospects for U.S. exports to Denmark point to a continued strong demand for U.S. machinery and labor-saving equipment.

Exporters of consumer goods may face more intensive competition from domestic and European manufacturers. The level of trade, however, may be influenced by recent developments involving the introduction of the value-added tax, the devaluation of the crown, and the fall of the Government on Dec. 15.

At the present time Denmark is undergoing a period of export stagnation which is affecting industrial production, investment, and employment. In the first half of 1967, the declining trend in exports was accompanied by high domestic demand, thus aggravating inflationary pressures.

Along with the general economic slackening in Europe, price and wage rises have been a significant factor in the current export slowdown, thus eroding the competitiveness of Danish industries. The recent 7.9% currency devaluation should aid this situation.

The Danish economy has not lived up to early optimistic projections for growth of the gross national product (GNP). The Danish Council of Economic Advisers has estimated that the GNP rose by 3¼% at constant prices in 1967. This will mean an increase in this important indicator to $13.2 billion in current prices.

The 10% value-added tax (TVA) which was instituted in July has caused a contraction in domestic consumption. However, the slackening of activity has not affected prices. Consumer prices rose 9.25% from Jan.-Aug., including the effect of the new tax.

The Danish Price Control Board estimated a 10% rise on items previously not covered by the TVA and a varying effect on other items, resulting in about a 5% overall rise in the cost-of-living.

In conjunction with the devaluation of the Danish crown, the Government passed a profits freeze law on Nov. 20, designed to prevent profiteering and exert a restraining influence on prices.

The law applies only to goods sold in Denmark, not to exports, and it expires July 1. There is little doubt that another wave of price increases will follow when the profits freeze is ended.

Other pieces of legislation involving the institution of wage controls have been set aside pending new parliamentary elections on Jan. 23. In addition, Denmark's national bank raised the official discount rate by 1%, to 7.5%, on Dec. 18.

The increase was motivated by the view that immediate tightening of fiscal policy was needed in order to create a basis for strengthened export growth.

The recent currency devaluations may mean stiffer competition from some Danish and British firms. Nonetheless, American business can probably anticipate a continuing moderate drop in U.S. agricultural exports to Denmark and a moderate increase in industrial exports.

Imports into Denmark from the U.S. during Jan.-Sept. increased 13% over the same period of 1966, to $202 million. At the same time, total imports into Denmark increased by 7% to $2,317 million. Thus, the U.S. maintained an 8.75% share of total Danish imports. This compares to a U.S. share of 8.25% in the first three quarters of 1966.

During 1967, however, the import pattern of U.S. goods has changed. Machinery and electrical equipment imports increased 44% and 47% respectively; conversely, grain and feedstuffs dropped 25% and 28%.

CHIEF DANISH IMPORTS FROM U.S.: machinery, oilseeds, transport equipment, grains, tobacco, feedstuffs, plastic materials. CHIEF DANISH EXPORTS TO U.S.: meat and meat products, hides and skins, machinery, dairy products, furniture, miscellaneous manufactured articles, fish.

The pronounced increase in sales of U.S. machinery has occurred during a period of general deceleration of Danish imports of these commodities.

On the other hand, U.S. barley exports are meeting strong competition from the U.K., France, and Sweden. This factor, coupled with the good 1967 Danish grain harvest, suggests that short-term prospects for such U.S. exports are not favorable.

Best sales potential

The following general categories appear to have potential in the Danish market: yarns and fabric of synthetic fibers; women's apparel; plastics; construction, mining, and materials handling machinery and equipment; metal-working machinery; air conditioning and purification equipment and control devices; electric transmission and distributor equipment; engineering, laboratory, and scientific research instruments; and medical and dental instruments.

With full EFTA liberalization, Danish foreign trade is even more heavily oriented toward EFTA countries. They now take 50% of Danish exports and supply 40% of total imports.

Denmark actively participated in the Kennedy Round tariff negotiations as a member of the Joint Nordic Negotiating Unit. Denmark granted liberal concessions and the first stage of the reductions will take effect July 1.

Balance-of-payments figures for the first half of 1967 indicated that Denmark incurred a deficit on current account of about $190 million—almost twice as much as in the first half of 1966. At the end of the third quarter the deficit was $220 million, as against $135 million in 1966.

Finland

Outlook fair for machinery sales, but overall U.S. exports may dip

By HAROLD A. McNITT
European Division, BIC

As the new year progresses, Finnish Government measures to stimulate capital outlays should provide fresh opportunities for U.S. advanced machinery sales. Total U.S. exports to Finland may repeat last year's pattern and register a moderate decline, however.

The devaluation of the Finnmark in October has curbed import demand for several types of articles, especially consumer goods. Orders for capital equipment remain slack at this time because of the prevailing shortage of credit. Softness of demand is not across-the-board, however, and sophisticated machinery and instrumentation sales are rising.

Finland's gross national product (GNP) reached approximately $9 billion in 1967, a real advance of about 3% over the previous year. Finnish economists, expecting a mild uptrend, predict that the GNP will move ahead by 3.5% this year. Continued shortages of credit combined with softness of demand for certain key forest product exports will tend to limit growth rate.

In a move designed to improve Finland's balance-of-payments situation by reducing import demand while encouraging exports, on Oct. 12 Finland devalued the Finnmark by 31.25%. This move was followed by passage of the Export Levy Act, which places a tax on most Finnish exports ranging up to 14% of the export price.

The primary purpose of the export tax is to redistribute a portion of the profits which exporters would otherwise gain from devaluation.

Proceeds from the export tax will be used for capital improvements in state-controlled enterprises (railroads, communications, certain industrial companies) and for loans to small and medium-sized private firms. A large proportion of the loans will be channeled through the Finnish Export Credit Corp. to help finance exports. Expansion of foreign sales is a cardinal aim of the Finnish Government in its efforts to achieve balance-of-payments equilibrium.

Rising price levels will be a serious problem to Finland this year. Since many essential raw materials, foods, and other items must be imported, domestic price levels are bound to go up to meet higher import costs created by devaluation. The Government issued a decree, effective Nov. 6, that prices of most consumer articles, construction materials, and services may not be increased without permission from the Ministry of Social Affairs.

Reflecting the general slowdown of economic activity—especially domestic investment—U.S. sales to Finland declined last year. During Jan.-Sept., Finnish imports from the United States were valued at $64 million, off 10% from the corresponding 1966 period. The U.S. share of the Finnish market consequently dropped from 5.7% to 5.1%.

Contributing factors included a steep drop in Finnish imports of U.S. foods (off nearly 50%) and continued stagnation of demand for capital equipment. Imports of U.S. nonelectric machinery (largest category of U.S. sales in Finland) were running 6% below 1966, while miscellaneous manufactures were off 9%.

Finnish demand remains bouyant in certain sectors, however. Sales of U.S. electrical machinery, instruments, and plastics were at record levels last year.

Several recent Finnish actions will have a favorable long-term effect on U.S. exports. Finland's concessions in the Kennedy Round negotiations were broad and significant. Duties on several types of machinery will be halved to 7.5% or less. Selective cuts will also be made on chemicals, manufactured articles, and agricultural products.

The new rates will be effected in stages beginning July 1, with the full reduction achieved by Jan. 1, 1972. Finland also has indicated that it will remove nearly all of its remaining quantitative import restrictions on industrial products early this year.

CHIEF FINNISH IMPORTS FROM U.S.: machinery, manufactured articles, chemicals, transport equipment, industrial raw materials, fruits and grains, tobacco. **CHIEF FINNISH EXPORTS TO U.S.:** paper and paper products, articles of wood, furs, wood pulp, machinery, manufactured articles, cheese.

Promising export items

The most promising articles for export to the Finnish market at this time are sophisticated capital equipment and needed raw materials, according to a recent American Embassy report. The list includes electric measuring and controlling instruments, statistical machines, and numerically controlled machine tools. Other promising items are plastic materials, tractors, printing and binding machinery, and powered hand tools.

To take advantage of an expected gradual increase in Finnish demand for machinery, the United States will mount an exhibit at the Helsinki International Trade Fair from Sept. 19-29. Previous U.S. shows at the biennial event were highly successful in 1964 and 1966.

The U.S. pavilion this year will stress machine tools and metalworking equipment.

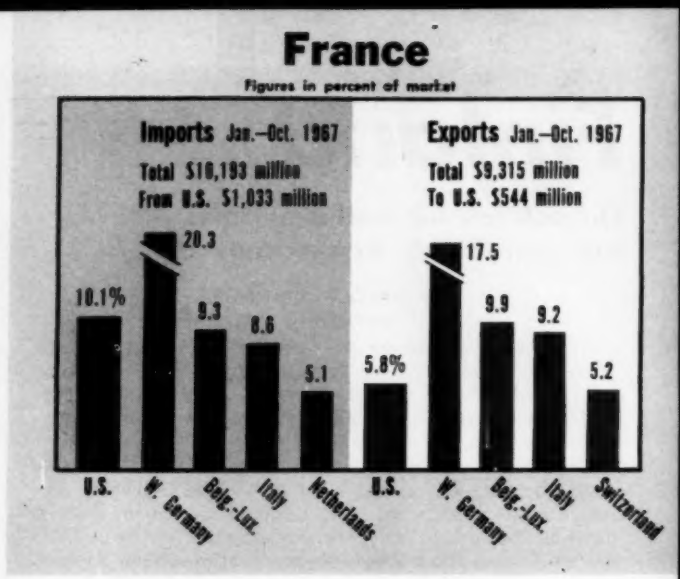
On Jan. 1, Finland completed the elimination of nearly all its tariff duties on industrial products originating in the customs territory of other EFTA member countries (Austria, Denmark, Norway, Portugal, Sweden, Switzerland, and the United Kingdom). Since becoming an associate member of EFTA in 1961, Finland has greatly expanded its trade ties with other members of the Association.

France

Sales of capital goods expected to pace record export year for U.S.

By ALEXANDER DAUMAN

European Division, BIC



French imports from the United States in 1968 should rise to a record level of $1.3 billion, mainly reflecting gains in U.S. sales of capital goods, raw materials and other industrial supplies.

The French economy should gradually regain its vigor and show an improvement over its sluggish performance in 1967. Exports, especially to EEC countries, are expected to be the principal dynamic factor of demand. It is anticipated that the rate of consumption will be slightly higher than last year, whereas investment may rise somewhat slower, but nevertheless at a substantial rate. The net result should be an upturn in industrial production and a pronounced rise in imports.

Although the 1968 real gross national product (GNP) growth may not quite reach the target rate of 5%, it should exceed the 1967 growth of about 4%.

Price developments are presently being very closely followed by the French authorities. The extension of the French value-added tax to retail level on Jan. 1 is generally expected to cause inflationary pressures and threaten the monetary stability to which the Government assigns high priority, but in the second half of the year significant tariff reductions should exert downward pressures on prices.

If prices remain relatively stable and the economy does not show sufficient vigor, the Government may take budgetary measures to stimulate demand.

A major change in the conditions of French foreign trade will occur on July 1, with the completion of the EEC customs union. On that date, the remaining intra-EEC customs duties and quota restrictions will be eliminated and the French external tariff will be aligned with the Common External Tariff (CXT) of the EEC.

At the same time, the first two steps of the Kennedy Round tariff reductions will be implemented. Since the general level of French customs duties is somewhat higher that the CXT, the average reduction in French tariff protection against imports from the United States and other non-EEC countries will be significant.

As a result of the tariff changes, competition in the French market, especially from non-EEC sources, should intensify. Competition from the U.K. should be strengthened by the pound's devaluation. In view of this strong competition, U.S. export performance in France will be partly determined by the stability of U.S. prices.

U.S. sales to France increased only slightly in 1967, largely due to a slowdown in French industrial production and increase in the French agricultural output. By comparison with 1966 the United States suffered setbacks in sales to France of grain and various industrial raw materials. The declines were offset, however, by sharp increases in French imports of U.S. equipment, particularly computers and aircraft.

As a result, French imports from the United States in Jan.-Oct. of $1,033 million, were up 3.6% over the comparable period of 1967.

Total French imports of $10.2 billion increased by 5.1%. The U.S. share of the French import market declined from 10.3% to 10.1%.

French exports to the United States in Jan.-Oct. of $544 million showed a year-to-year decline of 0.3% against an increase of 3.9% in total French exports, which reached $9.3 billion.

The U.S. performance in the French market in 1968 should be better than in 1967. French investment will probably rise by 5%, providing a good demand for U.S. equipment. Deliveries of U.S. aircraft will be double those exported to France last year.

The continued trend toward improvement of French production and management methods, coupled with government-industry programs to create national productive capacity in such advanced fields as microelectronics, will offer excellent opportunities for U.S. process control and scientific equipment, electronic computers and equipment for the electronics industry as well as for many other industrial sectors.

The extension of the coverage of the value-added tax to the retail and service sectors will encourage capital outlays in these sectors due to an investment tax credit provision of the value-added tax system. Thus new opportunities will arise for materials handling equipment, store equipment, hotel equipment, and related items.

The upturn in French industrial production should boost the demand for raw materials and other industrial supplies.

The U.S. Department of Commerce is planning an exhibit of American equipment for the chemical industry at the Paris International Chemical Exhibition in May.

The prospects for exports of consumer goods are moderately good. Private consumption slowed down in 1967 partly due to unemployment which rose to 400,000, which is 2% of the labor force.

Although no immediate improvement in the employment situation is expected, there are indications that private consumption will accelerate moderately. Recent spring orders for soft goods show that store buyers anticipate higher demand.

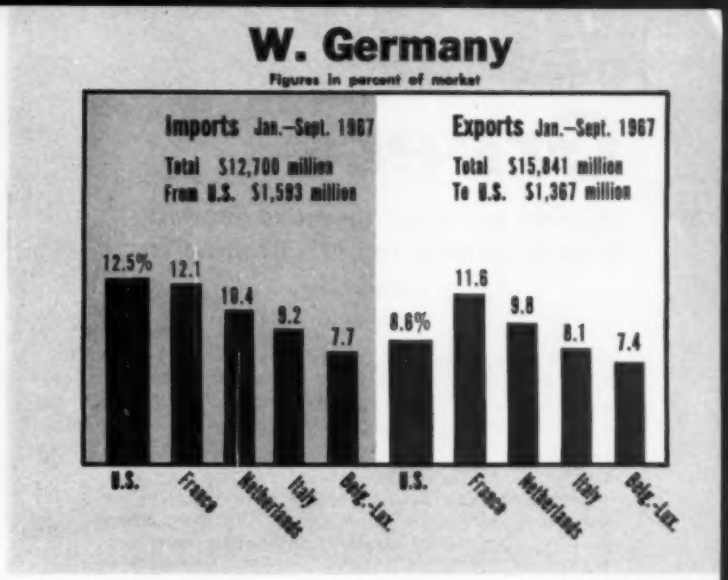
The retailers who have been working hand-to-mouth while waiting for the tax reform should now start replenishing their stocks. Manufacturers of consumer goods have actually started rebuilding their stocks in anticipation of demand.

CHIEF FRENCH IMPORTS FROM U.S.: machinery, chemicals, nonferrous metals, grain, feed, instruments, aircraft. CHIEF FRENCH EXPORTS TO U.S.: steel, machinery, chemicals, alcoholic beverages, automobiles, nonferrous metals, aircraft.

Germany

Recession is over, and imports are expected to perk up early this year

By PATRICK T. O'CONNOR
European Division, BIC



The German recession has ended and the economy has started to move up. Imports are expected to begin climbing early in 1968 as the economy accelerates; prospects for American goods, particularly capital goods, are more promising than in 1967.

The recession which characterized the Germany economy for the first half of 1967 bottomed out during the summer months. It now appears certain, based on the latest available indices for new orders and production, that the upswing is already under way.

The incipient recovery was stimulated by two crucial moves. The first was the Federal Government's September decision to allow an 85% rebate, instead of the originally proposed 69%, of turnover taxes already paid on existing inventories when the new value-added turnover tax took effect on Jan. 1. The other was the passage of the $1.3 billion second countercyclical program which, for the first time, will coordinate the public spending programs of Federal, State and local authorities.

Exports, the brightest spot in the 1967 economic picture, continued to exceed 1965-66 totals, while imports remained below previous years' levels.

Actually, the first indication of recovery occurred in September when new orders exceeded the 1966 figure by 1%.

A number of 'firsts' were recorded in October. Orders surged 12.6% above the previous October. Orders for raw materials and investment goods were actually higher than in October of 1965, a boom year.

Most significantly, domestic orders went over the October 1966 level by 13.2% for the first time in a year, while export orders rose 10.5%. Domestic demand, for the first time since early 1965, showed a relatively higher growth rate than foreign demand. Wholesale turnover registered its first positive increase in a year when it went up 4.4% over the previous October.

The upsurge in orders was initially reflected in the October general index of production which peaked above the previous October's level and almost reached the level of October 1965.

Labor developments lent support to the indicators already noted. Unemployment dropped to 1.6% in September, equal to December 1966 and down from the 3.1% high of February 1967. A slight, though seasonally anticipated, reversal of this trend occurred in October and November when unemployment slipped back to 1.8%, but the general downward trend is expected to continue.

With the reduction of the number of foreign workers (now less than one million for the first time since 1965), concern has been voiced that too rapid a recovery may exhaust the available labor supply.

The 1967 gross national product will equal or slightly exceed 1966's $119.5 billion in current terms. Most authorities predict a 1968 rise of about 4% in real and 6% in current prices.

Renewed confidence is evident throughout the business community. Investment plans for 1968 indicate a substantial increase in the capital goods sector, particularly machinery, and brighter prospects for the building industry. The cost-of-living index remained virtually stable in 1967 with private consumption rising slowly but steadily. Industrial prices remained slightly below 1966 levels.

The stock market displayed great strength with prices trending continuously upwards. Labor demands were quite modest in 1967.

Devaluation of the pound had no immediate repercussions, since Germany's trade with devalued areas represents but a minor part of her world total.

German imports through September remained about 5.9% below the previous year; imports from the United States were down 3.9%. The U.S. share of the market has hovered between 12-13% for the past three years.

CHIEF W. GERMAN IMPORTS FROM U.S.: military equipment, chemicals, machinery, aircraft, edible fats and oils, tobacco, coal. CHIEF W. GERMAN EXPORTS TO U.S.: motor vehicles, machinery, rolling mill products, chemicals, electrical equipment, cutlery tools and ironware, optical and precision instruments.

Market factors in 1968

American exporters will face several new market factors in the year ahead. On Jan. 1 the added value turnover tax replaced the former cascade system; the import equalization tax on landed costs plus duty will be 10% for most non-agricultural items, to be raised to 11% on July 1. The latter date will also mark the elimination of all remaining internal tariffs among the EEC partners and the introduction of the EEC Common External Tariff Schedule.

Even though the first Kennedy Round reductions will take effect at the same time, initially some tariffs will be higher for Germany. Further annual Kennedy Round reductions will take place through 1971.

Competition from devalued British products must also be taken into account, although its extent remains to be seen.

Given the tightening labor situation, much new investment is expected to go into equipment to increase the productivity of labor. Certain American product categories may thus enjoy a competitive edge, including: sophisticated machine tools; advanced electronic products; products evolved through space age research; portable hand tools; metal surfacing and finishing equipment; and, heat exchangers, special compressors and pumps, measuring and control equipment for the hydrocarbon processing industry.

Greece

Imports expected to make modest growth despite recent uncertainties

By ARTHUR LAEMMERZAHL

European Division, BIC

Greece's imports in 1968 will probably not be significantly higher than in 1967, a year which will probably show only marginal import growth. Market prospects for many lines of U.S. goods do not appear as favorable as in previous years. Nevertheless, aggregate U.S. sales to Greece should increase in 1968.

Despite the dramatic political events of recent weeks the transaction of routine business has not been affected and travel into and out of Greece is continuing as before.

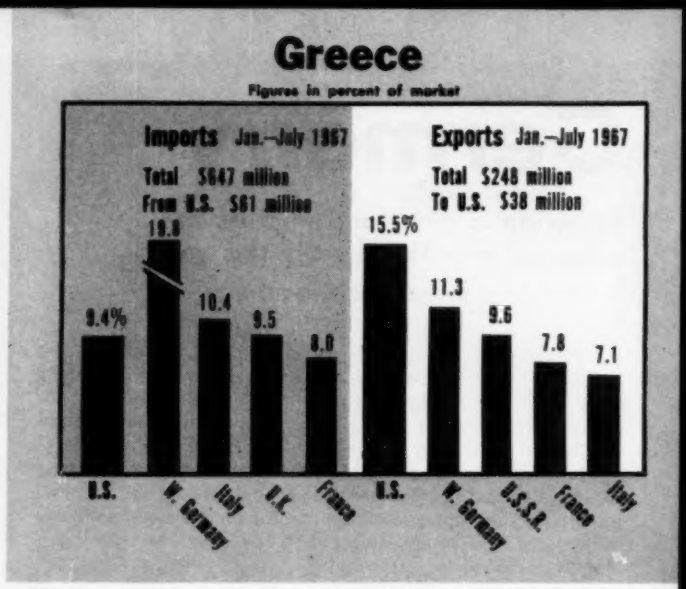
A slowdown in economic activity, increasing competition from EEC suppliers, and balance of payments problems indicate a more difficult market in Greece, particularly for luxury consumer goods. Good prospects exist, however, for U.S. manufacturers to participate in upcoming Greek government-sponsored development projects and to sell certain types of transportation equipment and facilities.

The rate of growth of Greece's gross national product (GNP) in real terms, is expected to be less than 5½% in 1967, down from the 8% of 1966. Although the Government has taken steps to modify somewhat the more restrictive monetary policies of 1966, this will probably not have great impact on growth in 1968. A slower rate of growth is inevitable if Greece is to avoid inflation while much-needed institutional and structural economic reforms take place.

Lower prices for Common Market and U.K. goods resulting from Greek tariff reductions on Common Market goods and devaluation of the British pound will result in keener competition for the Greek market. Britain is one of Greece's major suppliers, and vies with the U.S. in many fields, particularly chemicals, but also industrial engines, pumps, compressors, construction equipment, and motor vehicles.

The military regime initially provided a boost to business confidence by removing the uncertainties of a very confused political scene. At the end of nine months, however, Greek businessmen are displaying some concern over the course of some of the reforms being instituted by the military regime. The old ways of doing business were not without benefit to many businessmen, and the new regime has removed some of these benefits.

Nevertheless, Greek businessmen are not easily discouraged, and the reforms do promise general long-range benefits.



Although Greece's imports in 1967 probably were slightly higher than 1966, the latest available trade data show imports still somewhat less than the 1966 level. Unaided by any large project orders, U.S. sales not only declined in total volume but also in relation to Greece's total imports.

There is no indication that this is part of a trend, and indeed, U.S. sales should regain a somewhat higher share of the Greek market in 1968.

Larger tariff cuts

Greece participated in the Kennedy Round as an associate of the Common Market. The impact of its commitments, therefore, is that it must make larger cuts in its tariffs during the process of aligning them with the Common Market's Common External Tariff. This will in some degree offset the trade diversionary effects of Greece's association with the Common Market, and provide U.S. suppliers with better opportunities than would otherwise be the case.

Areas offering particular promise for U.S. suppliers include equipment for new tourist facilities, power and water purification plants, food processing operations, and communications facilities—particularly the proposed establishment of a national television network and a new earth station for satellite communications. The intention of the Greek Government to expand the main and secondary road network and to modernize port and airport facilities offers another potential opportunity for increased exports.

CHIEF GREEK IMPORTS FROM U.S.: machinery, corn, telecommunications equipment, dressed furs, clothing, power generating machinery, road motor vehicles. CHIEF GREEK EXPORTS TO U.S.: tobacco, aluminum, vegetables, crude minerals, nonferrous ores, alcoholic beverages, textiles.

Despite the lack of any major growth in imports, Greece faces a very difficult balance of payments problem at the start of 1968. Although exports increased by about 9%, this was not enough to prevent another large trade deficit of about $750 million in 1967. Furthermore, the combined effects of the military coup and the Middle East crisis have kept tourism from registering any increase over 1966.

Emigrant remittances have remained high, but chiefly because Greek workers laid off in Germany have brought their savings with them when returning to Greece. Prospects for foreign exchange earnings from this source are not good for 1968.

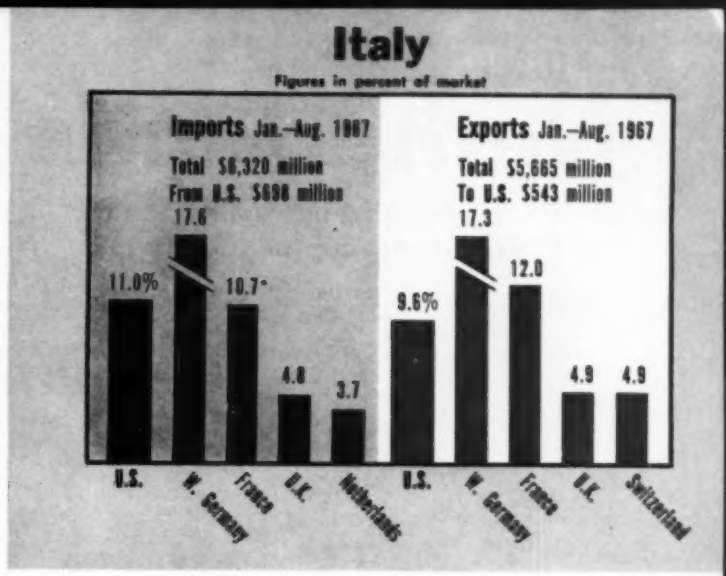
Through various devices, the Greek Government has prevented any substantial drawdown on official reserves (which now stand at a level of about $264 million) but there will be continuing need to increase the inflow of foreign private capital as well as to restrict domestic consumer demand.

Greece has introduced new measures adding to its already attractive foreign investment incentive legislation, but most significantly, has taken determined steps to reduce the red tape and bureaucratic requirements which used to result in a great deal of harassment for potential investors. There are now definite time limits for the processing of investment applications. Potential foreign investors, who had begun to shy away from Greece, are now showing renewed interest.

Italy

Robust economy expected to boost imports by 15% in first half of '68

By ALAN O. MAURER
European Division, BIC



Prospects for U.S. exports to Italy appear favorable for the months ahead, based on the current rate of expansion of the Italian economy and an expected rise of 15% in total Italian imports for at least the first half of this year.

The Italian economy continues the strong expansion which began in 1965. Industrial production is growing at an annual rate of about 11%, and is expected to continue doing so for most of this year.

Investment continues to grow, registering an 11% increase in 1967. Consumer demand remains strong, with evidence of a tendency toward higher quality food purchases.

The gross national product (GNP) for 1967 reached an estimated $57.2 billion, an increase of approximately 5.5% in real terms over the 1966 figure and exceeding the Five Year Development Plan's target rate of 5%. According to the latest projections, Italy should attain an economic growth rate of around 5% in 1968.

The confidence of the Italian business community continues to be high. A recent poll of industrial producers conducted by the National Institute for the Study of Economic Trends (ISCO) gave evidence of continued optimism, especially among producers of investment and intermediate goods. ISCO also indicated in its report that the Italian construction industry, economically depressed for a few years, has turned the corner and is back on the road to recovery.

Total Italian imports went up by about 15% in the first eight months of 1967 compared with the same period in 1966. A similar increase is expected through the first six months of 1968. Total Italian exports rose by about 10% in the first eight months of 1967.

The United States is Italy's third largest trading partner, ranking behind the Federal Republic of Germany and France. U.S. exports to Italy during the first eight months of 1967 declined by about 2% from the Jan.-Aug. 1966 period, with the share of the market dropping from 13 to 11%. U.S. exports to Italy totaled about $698 million in the first eight months of 1967 compared with $711 million in the same period in 1966.

This year's drop in U.S. exports to Italy is viewed as temporary in nature, due primarily to reduced shipments of corn and coal, though moderate losses were also registered in the trade of rye, oats, and barley. Future U.S. corn exports should show some recovery during the coming months as the U.S. price becomes more competitive. Market prospects are also good for higher sales of soybeans, tobacco and cotton.

Bright spots for U.S.

In other export sectors U.S. products fared better and registered gains. Higher shipments were noted for various types of machinery, electrical and non-electrical; precision and scientific instruments; and spare parts for all types of machinery.

The Italian market should continue to offer good trading prospects for U.S. exports. It may be anticipated that Italian demand will remain firm for industrial equipment, machinery and machine tools, all of which are required for current plant modernization and for many projects in conjunction with the Five Year Economic Development Plan.

Gains may also be forecast for data processing and scientific equipment (including medical and dental) where advanced American designs are appreciated as Italy continues its efforts to close the technological gap. Increases are also likely in shipments of air-conditioners, food processing and chemical processing equipment.

One of Italy's large and unresolved problems is the acute water shortage, affecting particularly the South. This has created a long-term market for small and medium plants for desalting sea water and treating brackish water. U.S. equipment is expected to play an important role in this endeavor.

Current favorable economic conditions in Italy and the growing import market clearly reflect prospects for increased U.S. exports to Italy. However, competition is becoming increasingly stiff. In particular, trade between Italy and its EEC partners is growing at a rapid rate. Trade figures show that Jan.-Aug. Italian purchases from EEC countries rose by 27.5% over the same 1966 period. The U.S. will also face greater competition from the British in view of the recent devaluation of the pound sterling.

Competition from EEC

Competition from the other EEC countries may be accelerated with the abolition of internal tariffs within the Common Market on July 1. However, the application of the first two stages of the Kennedy Round tariff cuts, also on July 1, is expected to substantially benefit the exports of non-EEC members to Italy.

U.S. exporters can meet successfully the challenge of other countries if they pursue well planned, vigorous sales programs and adapt new products to the requirements of their Italian customers. Part of this export expansion effort should include service facilities, availability of promotional material in Italian and consideration of easier credit terms.

CHIEF ITALIAN IMPORTS FROM U.S.: coal, corn, copper, chemicals, machinery precision instruments, cotton. CHIEF ITALIAN EXPORTS TO U.S.: apparel, machinery, food products, chemicals, beverages, transportation equipment, iron and steel products.

Netherlands

Growth of imports from United States not likely to match overall increase

By WILLIAM YETT
European Division, BIC

Dutch imports from the United States in 1968 should exceed the record 1966 level after the disappointing 2-3% drop expected for 1967, and reach a value of over $920 million. This would mean an increase of about 3.5%, however, which is lower than the probable 5% rise in total Dutch imports.

Expansion of the Dutch import market is based on rising consumer and export demand and expansionary government policy. The mediocre outlook for private investment and the bountiful European grain crop will inhibit U.S. sales of capital goods and wheat. Deliveries of U.S. commercial jet aircraft will provide a significant plus factor.

It is estimated that gross national product (GNP) for 1967 will show an increase of 4% in real terms over the $21.1 billion registered in 1966, while 1968 is expected to show an equal or lower increase. Industrial production should rise at least 4%.

Inflation will continue to be an element in the Dutch economy. However, it will probably not be serious enough to effect adversely the Dutch trade position. Retail prices in 1968 are expected to rise 3%, compared with 4% in 1967. The rate of increase of wage cost per employee has been steadily declining—10.5% in 1966, 8% in 1967 and an anticipated 5% for 1968.

Total Dutch imports for the first eight months of 1967 were $5,459 million, 3.1% above the like period of 1966; exports were $5,154 million, a gain of 3.5%.

The Netherlands' imports from the United States at $588 million were off 3% from Jan.-Aug. 1966. The United States share of the Dutch import market declined from 11.6% to 10.8%.

While the decline in our sales was disappointing, it was not expected that the 1966 pace could be maintained. Dutch purchases of United States goods rose by 19% that year.

The condition of the West German economy has been the principal Dutch worry. Well over one quarter of Dutch exports go to that country. Even though there has not been a decline in exports to West Germany, growth was only 2% in the first eight months of 1967.

Dutch sources have stressed the need to diversify exports. An 18.7% increase in sales to the United States should be viewed as a success in this respect.

Particularly good prospects are seen for such U.S. products as laboratory, testing, automation and control equipment; equipment for the chemical, petrochemical and petroleum industries; oil and gas transmission equipment; convenience and specialty foods; fastening, sealing and bonding equipment and supplies; casual clothing; copying machines; photographic equipment and supplies; and speciality paper, paperboard, and paper products.

Before the round of currency devaluations, Dutch official forecasts called for a balance-of-payments surplus of $27.6 million for 1967 and over $220 million for 1968. The devaluations will call for a minor downward revision.

Healthy outlook

The still healthy outlook is based on Dutch estimates of business conditions abroad bringing a 7.5% increase in their exports for 1968 compared to 6% for 1967. Chemicals should be the growth leader, with natural gas gaining in importance.

The 1967 slump was rather painless for the Dutch, with their well developed social insurance system. Bankruptcies for the first half of the year were up 29% over the comparable period of 1966. Unemployment, by Dutch standards, was at the high level of 2% during much of the year, with 10-12% registered in some regions.

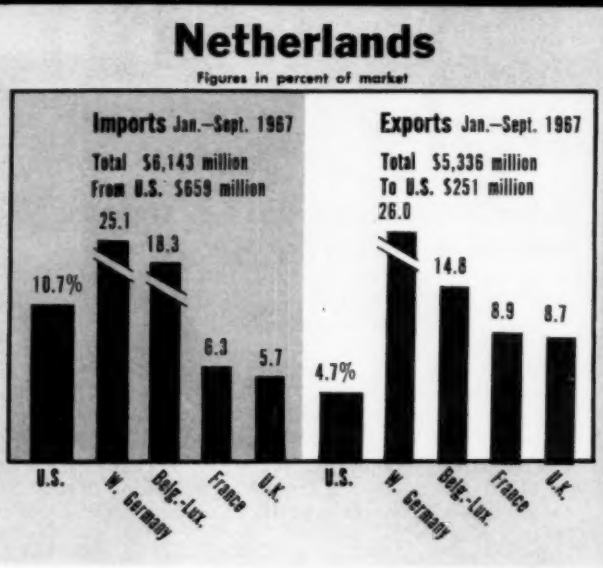
However, the slowdown did focus renewed attention on structural and regional weaknesses obscured by the previous boom conditions. Investment assistance was given to the textile industry. Another weak spot, ship building, has prospered as orders increased in the wake of the Suez Canal closure.

The various financial incentives to private investment in the south and east are being relied upon to lower the high unemployment rates in those areas. These incentives amount to a maximum 24% of investment. To strengthen Dutch industry and enhance its competitive position in the EEC, the Dutch Government has made an appeal for mergers and greater industrial cooperation.

The Dutch Government's budget deficit for 1968 is estimated at $718 million, an 8.3% increase over the projected 1967 deficit. Approximately $152 million of the 1968 deficit will be financed by short-term borrowing and to this extent it will be inflationary. Thirty nine million dollars is earmarked for projects to ease unemployment, with another $22 million in reserve.

The near stagnation in private industrial investment during 1967, compared with an 8% increase in 1966, will continue to discourage U.S. sales of capital goods. However, with industrial production increasing and good export demand, an increase in investment in 1968 is more likely than Dutch projections would indicate.

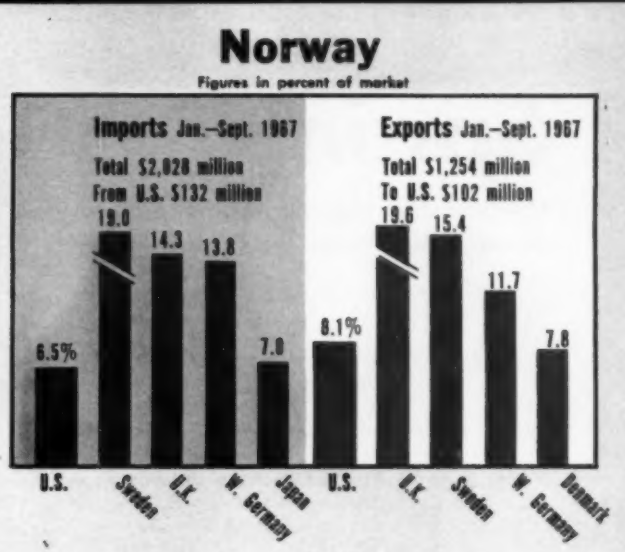
CHIEF NETHERLANDS IMPORTS FROM U.S.: cereals, non-electric machinery, aircraft, oilseeds, animal feedstuffs, electrical machinery, chemicals. **CHIEF NETHERLANDS EXPORTS TO U.S.:** electrical equipment, canned ham, ships, office machinery, organic chemicals, printed matter, cocoa.



Norway

Demand for modern equipment is strong, but imports of other items may dip

By BOBETTE HEIEN
European Division, BIC



The United States will share in a moderate increase in Norwegian imports this year, according to present indications.

The limited supply of skilled manpower in the Norwegian economy will help maintain a continued strong demand for U.S. machinery and automation equipment. However, there may be a slowdown in demand for imports of certain U.S. raw materials and consumer goods.

The general slowdown in international economic activity had little effect on Norway's economy during the first half of 1967, and the gross national product (GNP) rose in real terms by 6% over the corresponding period of 1966. GNP reached a value of $3.5 billion for the first half of 1967 without adjustment for seasonal variations.

It is anticipated, however, that the growth in total production was smaller in the second half of the year and into 1968.

Foreign demand for Norwegian goods continued surprisingly strong in the first part of 1967, despite slackening in many important markets for Norwegian exports. Domestically, a record level of investment demand, coupled with less pronounced growth in private consumption, provided the basis for further economic expansion.

Presently, however, both foreign and domestic demand show signs of tapering off, and output in manufacturing industries has risen slowly in the past few months.

Neither these indications of a more severe economic climate nor the recent devaluations have brought about any change in governmental policy. The official policy still aims at checking the rate of growth of internal demand through, among other measures, high taxation and tight credit. In fact, in early October the Government increased reserve requirements by 1%.

The value of total Norwegian imports rose by 20% in the first nine months of 1967 over the same period of 1966, to a value of $2,028 million. This sharp increase can partly be explained by the large imports of ships—nearly twice as high as in the same period of 1966. However, if ships are excluded from the figures, the increase becomes 10%, with merchandise imports reaching a value of $1,645 million.

At the same time, imports into Norway from the United States were valued at $132 million, an increase of 1% over the first three quarters of 1966. The U.S. share of Norwegian merchandise imports (excluding ships) in the first nine months of 1967 was 8%, compared to an 8.7% share in 1966.

One of the contributing factors to the decreasing U.S. share of Norwegian imports is the continued orientation of Norway's foreign trade toward nearby countries, particularly her EFTA partners. Another factor is the growing volume of business done with American subsidiaries and licensees in Europe.

Effect of good crop

A further dampening effect on U.S. exports to Norway in the near future could be a result of this year's bumper domestic grain crop which may reduce Norway's import requirements for U.S. feed grains. However, a poor domestic fruit crop may permit increased sales of U.S. apples and pears.

The largest category of products which Norway presently imports from the United States is machinery. The value of this item in Jan.-Sept. was $32 million, representing nearly one-fourth of total imports from the U.S.

This amount compares favorably with imports of the same goods in the same period of 1966, which contributed over one-fifth of Norwegian imports from the U.S. The increase in sales of machinery is indicative of the ready market for labor-saving devices and capital equipment embodying advanced technology in an economy characterized by a skilled labor shortage and rising production costs.

CHIEF NORWEGIAN IMPORTS FROM U.S.: machinery, transport equipment, grains, oilseeds, petroleum, chemicals, fruits and vegetables. CHIEF EXPORTS TO U.S.: nonferrous metals, fish, hides and skins, iron and steel, feedstuffs, fertilizer, machinery.

Norway participated in the Kennedy Round of tariff negotiations as part of the Joint Nordic Negotiating Unit, along with Denmark, Finland, and Sweden. Norway granted generous concessions on a wide range of products and will start rate reductions on July 1 by granting two-fifths of the total reduction.

The results of Norway's foreign trade are reflected in the balance-of-payments. In Jan.-July, the deficit on current account amounted to $212 million this year, against only $7 million last year. Nearly two-thirds of this increase is accounted for by the higher ship imports.

The deficit was, however, more than covered by foreign loans and credits, and the country's total reserves of gold and foreign currencies stood at the comfortable level of $938 million at the end of July. The Norwegian authorities have predicted a current account deficit of around $300 million in 1967.

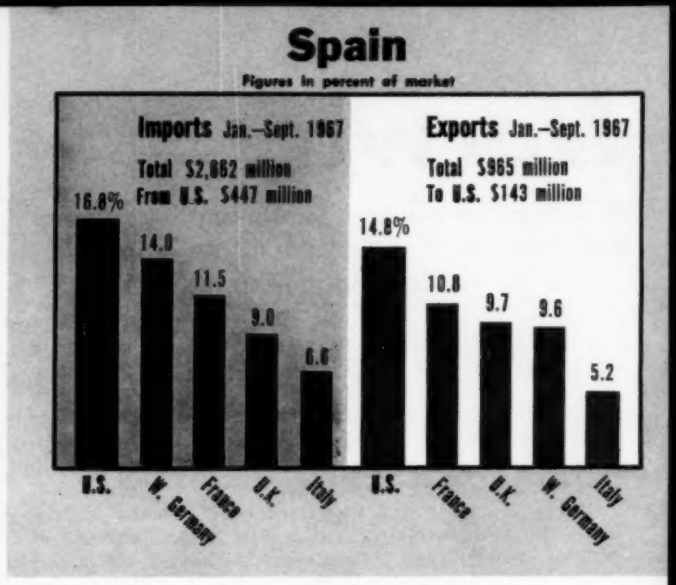
It is anticipated that the closing of the Suez Canal will boost net freight earnings sufficiently to hold the deficit to this figure. The Norwegian Shipowners' Association expects total foreign exchange receipts to reach $770 million in 1967, or about 15% more than last year's record.

In addition, Norwegian shipowners concluded many charters at the new favorable cargo rates after the Suez Canal closing, which will be reflected in higher net earnings in subsequent quarters.

Spain

Devaluation clouds import picture; development plan sets high goals

By RICHARD HUMBERT
European Division, BIC



The prospects for U.S. exports to Spain through mid-1968 are uncertain in the face of the recent peseta devaluation (new rate: U.S.$1 = 70 pesetas), whose principal objective was to restore the balance of payments equilibrium.

It is therefore unlikely that aggregate imports will register any increase until foreign exchange reserves have once more been built up. Administrative restraints on imports, already in effect prior to the devaluation, are likely to remain until the overall economic situation has improved.

While Spain's imports are not expected to fall drastically, shipments from the United States will generally cost considerably more than before the devaluation and, in certain categories, will be at a disadvantage with goods originating in countries which also devalued, notably the United Kingdom.

The accompanying deflationary measures announced by the Government, designed to stabilize the economy, include restraint of public sector consumption expenditures and expansion of public investment, stimulants to private investment, tariff reductions on certain products affecting the cost of living, and a freeze on all wages and prices through the end of this year.

Because it is impossible at this time to assess the impact of the devaluation and accompanying measures on the economy, the business community in Spain is adopting a wait-and-see attitude which is likely to cause some postponement of investment plans. This could result in lower sales of machinery and other capital equipment over the next six to eight months.

Rapid expansion of the Spanish economy continued in 1967 with gross national product (GNP) estimated at about $27 billion, a 6.5% increase in real terms over 1966; per capita income reached $675.

In the first eleven months of last year, (advance data) Spain's imports fell 2.2% from the same period in 1966, to $3,203 million. The United States share was $535 million. For 1967 as a whole, imports reached about $3.5 billion.

Through November, Spain's exports rose 12.2% to $1,223 million with $179 million shipped to the United States, a whopping 38% jump over 1966.

Principal commodities imported by Spain are machinery and electrical equipment, minerals, animal products, metals, chemicals, and transport equipment.

An excellent harvest was achieved last year for most agricultural commodities, leaving the country with important surpluses of wheat, rice and wine; the cotton crop, however, was one-third lower than in 1966 and will result in substantial imports. Continued demand will exist for soybeans, cereals, and other basic foods.

Despite uncertainties at this time, the modernization of Spanish industry will continue to create demand for machinery and transport equipment. Spain's capital equipment industry is expanding rapidly and becoming increasingly competitive in world markets.

Specific groups of manufactured goods which should offer excellent sales potential are: accounting machines and computers; mechanical handling equipment; packaging and filling machinery; switchgear; and measuring and testing equipment.

Ambitious goals

The Second Economic and Social Development Plan (1968-71) calls for a 6% annual increase in real GNP; the annual rise in prices is optimistically set at 3%. Formation of capital is to increase about 7% a year, and public and private consumption, 5.5% annually. Industrial production is to increase 7% annually, with a 3% rise programmed for agriculture.

The agricultural sector, which remains the most inefficient, is to be given increased attention. The Government plans to increase cattle raising, looking toward a 270,000-ton annual output of meat by 1971, and will devote increased acreage to feed grains.

Productivity will be increased through greater mechanization and use of fertilizer as well as irrigation and drainage projects, and better training and incentives for workers.

It is hoped that these measures will help make Spain again a net exporter of foodstuffs and stem the migration of workers to the cities for higher wages.

As part of the recent stabilization, the Government has placed stringent controls on prices for accommodations, restaurants, bars and related tourist services. With the devaluation, Spain will remain an attractive country for most visitors, and the Government continues to emphasize development of the tourism sector. This will create additional opportunities for sales of U.S. goods and services.

The new Plan projects construction of 204,000 additional hotel spaces and 306,000 non-hotel spaces; creation of 18,000 new establishments servicing the tourism sector; completion of the network of national inns; and the creation of 35 new tourist offices at home and seven abroad.

Last year over 17 million tourists visited Spain, providing the country with some $1.2 billion, somewhat less than in 1966. However, this inflow, coupled with reduced remittances from workers abroad, was insufficient to cover the $2.2 billion trade deficit.

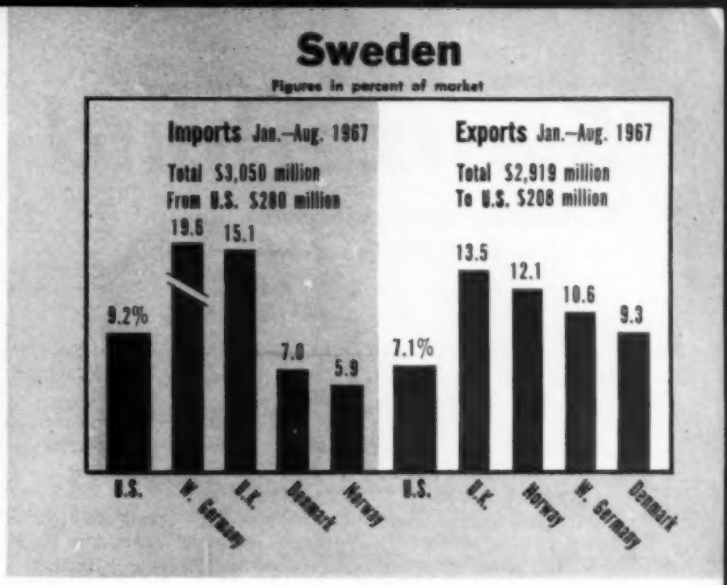
CHIEF SPANISH IMPORTS FROM U.S.: soybeans, corn, aircraft, electrical machinery, steam generating boilers, organic chemicals, heating and cooling equipment. CHIEF SPANISH EXPORTS TO U.S.: olives, olive oil, textile and leather machinery, footwear, clothing, wines, motorcycles.

Sweden

Industrial modernization provides import openings for capital goods

By HAROLD A. McNITT

European Division, BIC



Spurred by widespread structural changes in Swedish industry, U.S. capital equipment sales will rise to new levels this year. Imports of U.S. consumer articles may be somewhat dampened by the continued economic slowdown, however.

Responding to increasing cost pressures, the major Swedish industries are reshaping their facilities to achieve greater productivity levels. This is especially true in the key engineering and forest product sectors.

The Swedish Government, aware of the urgent need to keep Swedish prices competitive on world markets, seeks to stimulate capital outlays by private industry. Industrial mergers are encouraged when they appear to promote greater efficiency.

Reflecting continued sluggishness of the economy, Sweden's gross national product (GNP) totaled approximately $25 billion at current value last year, an advance of about 3% in terms of constant prices over the 1966 level. The rate of growth this year is uncertain and depends to a great extent on the level of demand for Swedish exports on the major European markets. A gradual improvement over last year's performance is expected.

Inflationary pressures remain a major problem in Sweden. Although wholesale prices were stable last year, consumer prices rose by more than 4%. Because of wage increases already fixed by the 1966-68 contract negotiations, further upward cost and price pressures will challenge the economy this year.

Recent currency devaluations by the United Kingdom, Finland, and Denmark will probably not seriously affect the the overall level of U.S. sales, However, a limited number of American products which have been closely competitive with similar goods from the devaluing countries may face a temporary price disadvantage. The Government has declared that the Swedish crown will not be devalued.

The ferment of structural change now working through Swedish industry is directly reflected in U.S. sales of capital equipment. During the first three quarters of 1967, overall Swedish imports from the United States were valued at $318 million, a decline of 2.5% from the corresponding 1966 period. But a commodity analysis shows that all types of machinery and instruments are scoring major sales gains.

Swedish purchases of U.S. scientific and professional instruments are running approximately 20% above 1966 levels, non-electric machinery sales are up 8% and transport equipment sales are up 11%.

The decline in total Swedish imports from the United States is due to temporary decreases in bulk commodity shipments, especially grains (off 40%), tobacco (off 46%), industrial raw materials, and fuels. Swedish world imports rose 3% during the Jan.-Sept. period; hence the U.S. share of the Swedish import market decreased from 9.6% in 1966 to 9.2% in 1967.

In the Kennedy Round tariff negotiations, Sweden offered reductions on most articles which are significant to U.S. exporters. Almost all nonelectric machinery—traditionally the largest U.S. export to Sweden—will enter at a duty rate of 5% when the concessions are fully effected. Other significant cuts were made in electrical machinery, transportation equipment, chemicals, and agricultural commodities. The agreed reductions will be made in stages beginning July 1 and reaching completion by Jan. 1, 1972.

The new Swedish tariff schedule for capital equipment will generally be so low that tariff advantages granted by Sweden to members of the European Free Trade Association (EFTA) will have only minor competitive significance against U.S. products.

CHIEF SWEDISH IMPORTS FROM U.S.: non-electric machinery, manufactured articles, electrical machinery, foods, chemicals, transport equipment, raw materials. **CHIEF SWEDISH EXPORTS TO U.S.:** motor vehicles, non-electric machinery, iron and steel, paper and pulp, electrical machinery, nonferrous metals, furs.

A recent issue of INTERNATIONAL COMMERCE (Nov. 20) listed products with especially good sales potential in Sweden. Labor-saving machinery is in special demand because of the continued shortage of skilled labor in certain key industries.

Problems confronting the Swedish economy include persistent inflationary pressures and repeated deficits in the balance-of-trade. Until early in 1967, the Government relied primarily on monetary measures to meet these problems. Credit expansion was limited through high Central Bank rediscount rates and similar restrictive measures.

The continued sluggishness of the economy brought a change of emphasis early in 1967, however. The Bank rate was lowered and the money supply was expanded. The easier credit policy was again reversed late in 1967, however, in response to international financial developments. On Dec. 15, the rediscount rate was increased to its previous high level of 6%. This move may slow the rate of economic recovery in the country this Spring.

The U.S. Trade Center in Stockholm recently has mounted several successful shows featuring advanced equipment. The Center has scheduled the following shows for the first half of the year: high fidelity equipment (Feb. 22-28), equipment and supplies for the plastics industry (Mar. 28-Apr. 3), industrial process controls (Apr. 18-24), analytical instrumentation for the life sciences (May 6-10), and mining and mineral processing equipment (June 10-14).

Switzerland

Quickening economic pace should boost import levels after slowdown

By GAIL VAN KEULEN
European Division, BIC

The coming year should bring a slight increase in Swiss imports from the United States, stimulated by an upswing of economic activity in Switzerland.

A rise in consumer demand, increased public expenditures, and a quickening of export demand are the principal factors which will spur Swiss economic growth with a resulting increase in imports.

The principal negative influence will be a continued tight labor market which is discouraging industrial expansion.

Switzerland's gross national product for 1967 was estimated at around $15.1 billion, representing a growth of only 1.7% in real terms compared to a 3.2% growth in 1966. The GNP growth rate is expected to increase to 3.5-4.0% in 1968.

The reduced level of economic activity in 1967 was due chiefly to tight labor and capital markets as well as a slackening in export demand. Due to Swiss Government restrictions on the size of the foreign labor force, employment in industry is declining at an average rate of 1% per year. Unemployment in Switzerland totaled 121 persons at the end of September. The labor market is expected to remain tight through 1968.

Overall trade rise

On the other hand, ceilings on commercial bank credits were abolished in October, and the Swiss Government's budget proposals for 1968 foresee expenditure increases of 11% over the 1967 level. In addition, export demand has begun to pick up, due largely to the intensification of cyclical policy currently in evidence in western industrial nations.

Overall Swiss trade showed a rise in both imports and exports of about 8% through the first half of 1967. However, both slowed down perceptibly in the third quarter. Total Swiss exports for the first nine months of 1967 were $2,504 million, up 5.9% as compared to an increase of 11.7% for the same period in 1966.

Total nine months imports amounted to $3,079 million, representing a growth rate of 5.4 % compared with the rise of 6.8% for Jan.-Sept. 1966.

Trade statistics indicate a decrease in U.S. exports to Switzerland in 1967, while Swiss exports to this country remained unchanged. For Jan.-Sept. 1967, U.S. purchases from Switzerland totaled $264 million, 10.5% of the value of total Swiss exports. For the same period in 1967, Swiss imports from this country were valued at $243.9 million. This represents a decrease of 10.5% from the $272.5 million recorded for the Jan.-Sept. period in 1966.

Thus, the U.S. share of the Swiss import market declined from 9.3% for the nine-month period in 1966 to 8% in 1967, reflecting a drop of $28.6 million in U.S. sales to Switzerland.

This total is misleading, however, as the decrease was more than accounted for by two items, aircraft and electronic measuring instruments. For both items, the bulk of the 1966 values were extraordinary or one-time purchases which were not repeated in 1967.

Swiss imports of most other commodities from the United States either increased slightly or held steady.

Prospects good

Increased potential for sales of U.S. consumer products in addition to continued demand for U.S. industrial equipment should boost the 1968 level of U.S. exports to Switzerland higher than that registered in 1967.

Swiss imports of capital goods should remain at about the same level as in 1967. On one hand, the tight labor market has made it difficult for firms to expand. Industrial investment is expected to rise by only 2% in 1968.

However, the labor shortage has stimulated the re-equipping of existing factories, offering sales potential for technologically-advanced U.S. labor-saving equipment. Promising prospects are seen for such lines as specialized scientific and technical instruments; process control and recording equipment; office equipment; medical, dental, and surgical equipment; and automobile maintenance and repair equipment.

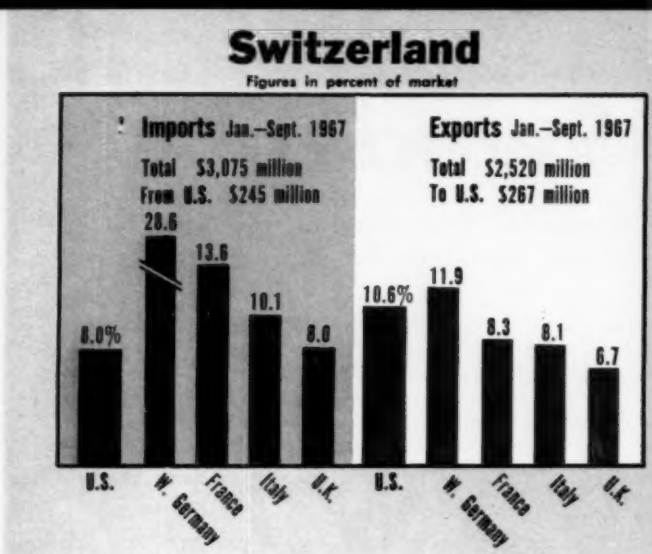
CHIEF SWISS IMPORTS FROM U.S.: non-electrical machinery, motor vehicles, textiles, tobacco, electrical machinery, organic chemicals, aircraft. CHIEF SWISS EXPORTS TO U.S.: watches and clocks, non-electrical machinery, chemicals, textiles, apparatus and instruments, food specialties, metal products.

Consumer demand rising

Consumer spending is estimated to rise by 6.0-6.5% this year. Imports of consumer goods recorded the fastest growth rate in 1967, 11.4%, and should continue to increase in 1968. Expanding markets are evident for such commodities as apparel, knitted or crocheted goods, plastic articles, rubber articles, stationery and paper articles, chemicals and pharmaceutical products, and cotton cloth.

The Swiss are also turning toward increased spending on luxury items. The big gainers in this area are jewelry and precious gems, antiques, toys, sporting goods, printed books, and cosmetics.

The Swiss have traditionally maintained low tariff rates on non-agricultural imports. About 2% of Swiss imports have duties of 12-15% while 55-60% of imports are dutiable at 5% or less. Results of the Kennedy Round negotiations, in which Swiss tariff cuts averaged 35%, should offer further gains for U.S. exporters, especially on consumer items where demand tends to be dependent on price.

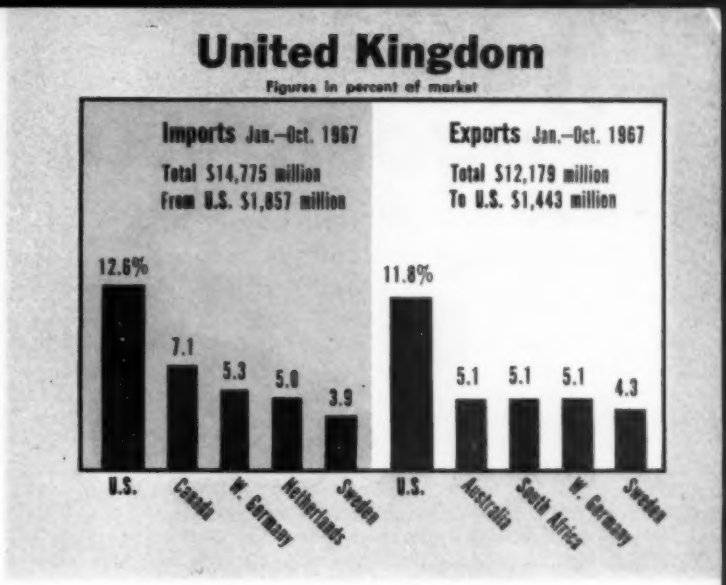


United Kingdom

Need for advanced industrial machines should keep imports from U.S. on rise

By PAUL NORLOFF

European Division, BIC



U.S. exports to the United Kingdom in 1968 are expected to rise slightly over 1967, even taking into account the effects of the November devaluation of the British pound. As in the recent past, the largest part of this projected increase should be made up of a great variety of advanced industrial machinery and equipment.

The November devaluation of the British pound will not significantly affect the outlook for U.S. exports since the basic British Government policy in effect prior to devaluation—rationalizing and expanding industrial production for exports—remains in effect and will continue to require substantial imports of sophisticated machinery and equipment of the type and variety now being imported in large volume from the United States.

Expected British efforts promoting import substitution are thus unlikely to affect this trade adversely.

Simultaneously with the announcement of devaluation on Nov. 18, the Government introduced a number of measures aimed at restraining domestic demand and curtailing public expenditure. These included an increase in the bank rate to 8%, more stringent installment purchase terms, increased corporate taxation, elimination of selective employment tax premium to manufacturers outside development areas, cutbacks in defense spending, and elimination of the export rebate on Apr. 1.

The Government has since announced that it intends to take whatever measures are necessary to prevent unwarranted increases in price or wage levels.

The November devaluation of 14.3% will of course be reflected in price levels on the U.K. domestic market, since imported goods embodying the full effect of the devaluation would normally become some 17% more expensive.

It is unlikely, however, that the full effect of the devaluation will be reflected in import prices; most observers see an increase of less than 14% overall coming into effect by the latter half of 1968. Where the imported good is needed but is not available domestically, however, it is expected that such goods will continue to be imported, at the necessarily higher prices in terms of sterling costs, with the volume depending on the pace of industrial expansion.

The domestic price level will also rise, however, in response to increased costs for imported industrial raw materials and increased wages responding to the higher costs of imported foodstuffs as reflected in the cost of living. How large a price rise will take place on the domestic market as a result of these factors will depend largely upon how effective Government restraining measures will be during 1968.

Although devaluation has now eased pressure on the pound in foreign exchange markets, a surplus in the balance of payments is not expected to appear before the beginning of 1969.

Achievement of this balance will require that the largest possible proportion of domestic production be channeled into exports. Government measures restraining domestic demand can therefore be expected throughout 1968.

With the price advantage which devaluation has conferred on British exports, however, private industrial investment in export-oriented industries is expected to rise substantially in the coming year. Public investment, already high in 1967, is not expected to expand significantly in 1968.

CHIEF U.K. IMPORTS FROM U.S.: non-electrical machinery, chemicals, electrical machinery, transport equipment, cereals, nonferrous metals, and petroleum and products. CHIEF U.K. EXPORTS TO U.S.: transport equipment, non-electrical machinery, whiskey, iron and steel, nonferrous metals, electrical machinery and textiles.

United Kingdom imports during the first ten months of 1967 totaled approximately $14.8 billion, an increase of 5.7% over 1966. There were significant increases during the first three quarters (latest available data) in imports of electrical machinery, up 18% to $417 million; non-electrical machinery, 18% to $1,183 million; transport equipment (mostly aircraft) 61% to $417 million; professional and scientific equipment, 21% to $224 million.

British imports from the United States during the same period increased by nearly 10% to approximately $1,847 million, resulting in a gain of the U.S. market share from 12.0% to 12.7%.

Principal U.S. commodity groups showing major import gains (percentage increases in parenthesis) were: non-electric machinery totaling $375 million (24%); transport equipment worth $139 million (21.6%); electrical machinery and apparatus reaching $150 million (9.3%).

Product categories offering good sales potential for U.S. exports include technically advanced equipment in the areas of precision machine tools, general industrial equipment, industrial process controls, and electronic instruments and components.

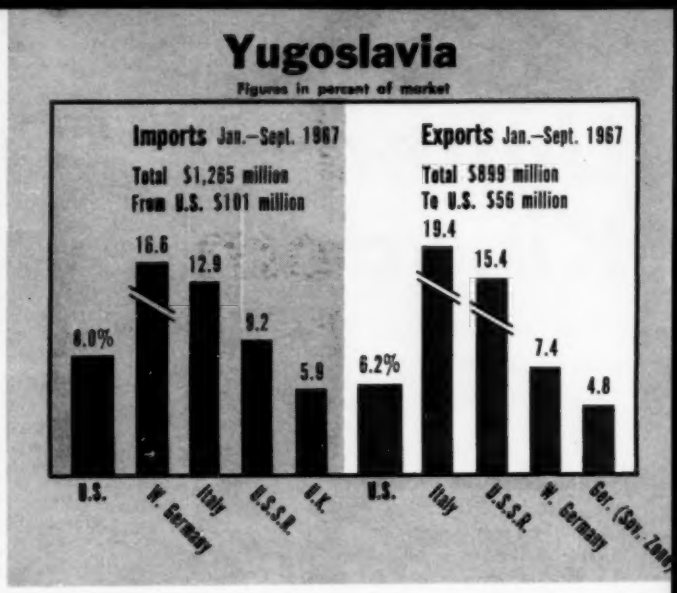
In addition to U.S. Trade Center exhibits, a major U.S. trade promotion effort also will be made in 1968 at the London International Instruments, Electronics and Automation Exhibition.

Yugoslavia

Liberalization program boosts trade; State pledges to continue reforms

By ROBERT FRANCIS

European Division, BIC



Yugoslavia's foreign trade continued to grow in the first nine months of 1967, but at a slower rate than 1966. Imports rose 9.6% over the comparable period in 1966 and exports were up 4.5%. A slightly higher growth rate is expected in 1968, and prospects are good for expanded purchases from the U.S.

Increased trade is a direct result of import liberalization and the increase in foreign exchange available to firms through enlarged retention quotas and depreciation allowances. More disposable income in the hands of consumers has also sharpened demand for imports, especially from western nations due to the generally superior quality of these goods.

Modernization of industry, necessitated by reform measures, requires increasingly sophisticated industrial goods and equipment.

Rather than seeking to protect domestic industries from foreign competition, the Yugoslav Government is encouraging imports to force firms to modernize and make the economy more internationally oriented.

While reform measures have forced many structural improvements in the economy, they have caused industrial production to stagnate. As a result, 1967 real GNP will increase by only 0.5% over the record $9,545 million in 1966. If the current reform policy is continued, as the government has indicated, maximum GNP growth this year will probably be about 3%.

Prices decontrolled

With the decontrolling of certain factory prices in July, about 45% of Yugoslav manufactured goods are now free to seek market levels. Also, 57% of retail prices have been freed. Prices will now reflect more accurately input and production costs, causing the artificial spread between domestic and import prices to narrow and eventually disappear. Import of these items has been liberalized in keeping with the Yugoslav policy of allowing import competition to keep prices down.

The effects of the stringent reform measures have caused much dissatisfaction in those industries unable to modernize quickly enough—metal processing, coal, shipbuilding, wood, textiles, leather and footwear. However, government leaders and many businessmen consider the reform necessary to ensure economic stability and no significant change in current policies is expected.

The U.S. share of the Yugoslav market has declined substantially with the cessation in 1966 of PL-480 agricultural sales. This is evidenced by the fact that Yugoslav imports from Western Europe increased 55% in the first nine months of 1967, while those from the U.S. declined 41%. Imports from the U.S. accounted for 8% of total imports in the same period, well below the 15-20% of past years.

The U.S. share in the near future, however, is expected to rise to about 10% as a result of increasing sales of manufactured goods and capital goods for development projects.

Yugoslavia participated in the recent Kennedy Round negotiations and its contribution consisted of binding previously reduced rates. Goods freed from import restrictions account for some 60% of raw material imports, 40% of semi-manufactures, and 20% of consumer goods.

Items on the conditionally free list may also be imported freely after bilateral contracts are filled, while machinery and equipment may be purchased more easily since the foreign exchange allowance based on depreciation of equipment has been increased. These changes will ensure increased foreign trade access to Yugoslavia in the future.

Products offering extremely good sales potential for U.S. exporters include: harvesting, irrigation, feeding, processing, and cultivating machinery and equipment; equipment for the tourist industry, particularly in the fields of recreation, heating and cooling, and catering; office equipment; construction machinery; industrial controls; broadcasting and electronic equipment; oil; coal; and metal scrap.

Consumer goods are also in high demand.

Although the balance of payments will register a deficit in 1967, reserves are at their highest post-war level. Maintenance of import liberalization depends on balance of payments problems not becoming severe. The ability of Yugoslavia to increase exports to convertible currency nations will play an important part in future balance of payments trends.

CHIEF YUGOSLAV IMPORTS FROM U.S.: soybean oil, animal feed, wheat, coal, construction and mining machinery, metal working machinery, hides. CHIEF YUGOSLAV EXPORTS TO U.S.: tobacco, lead, furniture, canned meat, electrical wire and cable, aluminum, copper.

New investment law

Yugoslavia recently passed investment legislation allowing foreign firms to enter into joint ventures with Yugoslav enterprises in Yugoslavia. This is the first such legislation in any Communist country.

A foreign firm may invest up to 49% of the capital in such a venture and receive a corresponding share of the profits. Twenty percent of earnings must be reinvested in the firm or deposited in a Yugoslav bank, and earnings are taxed at the rate of 35%.

The Yugoslav Government is anxious to see such joint ventures concluded.

Far East sales record set

Shipments to area are increasing twice as fast as total U.S. exports

By ROBERT M. KLEIN
Deputy Director
Far Eastern Division, BIC

Expanding at twice the rate for overall U.S. exports to the world, U.S. sales to the Far East last year edged toward the $6 billion mark for the first time. This year's exports should roughly match the substantial gains made in 1967, when new sales records were set for about two-thirds of the nations of the region.

Despite the fact that several of the countries are experiencing balance of payments difficulties, for the most part the momentum of economic development in the area has been maintained, and the range of opportunities for American suppliers has consequently broadened. With the Far East now accounting for nearly one-fifth of total U.S. sales abroad, U.S. exports have thus continued to follow a strong upward trend in recent years.

This general trend is unlikely to be affected to any significant extent by the devaluations initiated by the devaluation of the British pound in November, as the most intense competition for U.S. exporters to the Far East will continue to come from Japan which did not devalue. Actually, only two countries of the region devalued their currency at the time of the British action—New Zealand, by 19.45%; and Hong Kong, by a moderate 5.72%.

U.S. Census data for the first ten months of 1967 indicate that U.S. exports to the Far East (including Oceania) were up by 12% over the corresponding period of 1966. If special category (military) shipments are excluded, the percentage rise is even more impressive.

As has become typical of our trade with the area, the sales gains were broadly dispersed, with higher purchases being made by 12 of the region's 15 countries. Reduced buying was evident only on the part of New Zealand, Malaysia, and Laos.

Japan, long a dominant factor in our Far Eastern trade, accounted for some 45% of total U.S. sales to the area. The figure for January-October 1967 was almost 16% above the 1966 level, as the United States helped meet the import needs of another boom year for the Japanese economy. The country's gross national product is expected to have grown by 12%, in real terms, by the end of the current fiscal period this coming March. U.S. exports in 1968 will continue to expand significantly, and should approach the $3 billion figure, but will not equal the percentage gains of last year in light of an anticipated less rapid rise in Japan's GNP.

Exports to Australia, our second-ranking market in the region, spurted by 24% in the initial 10 months of last year, reflecting an improvement both in the internal situation and the external payments position. The final total for 1967 should exceed the benchmark of nearly $800 million established in 1965. Bolstered by Australian defense purchases, our sales this year will register another substantial advance.

For the Philippines, despite tight credit controls imposed on Philippine importers in June, U.S. exports reached a new high. A leveling off seems likely in 1968, however, particularly if further import restraints become necessary to redress a mounting deficit in the Philippine balance of payments.

More to Korea and Taiwan

Korea and Taiwan, each with rapidly developing economies (10% increases in 1967), represented our fastest growing Far Eastern markets last year, with American sales up about 40% in both instances. Exports in 1968 will continue the upward trend, although at a considerably lessened pace.

Other significant gains were made in exports to Hong Kong, Thailand, and Singapore, with further advances expected this year. For Indonesia, where slow utilization of aid funds retarded the export gain in 1967, the 1968 increase should be especially marked. Similarly in the case of South Viet-Nam, with both larger aid-financed arrivals as well as the Government's increased exchange reserves being factors, U.S. exports should be higher.

Even with respect to New Zealand and Malaysia, where 1967 sales were sharply off for the former due to the country's international payments difficulties, and were fractionally down for the latter, some moderate recovery is likely this year.

On the import side, a combination of two consecutive years with import rises of 20-25%, coupled with a less buoyant U.S. economy, resulted in an increase of U.S. purchases from the Far East of only 2.6% for the first ten months of 1967. This was largely explained, however, by the fact that Japanese sales—which represent nearly three-fifths of our total Far East import bill—did not change appreciably. Thus some developing countries did manage to register sizable gains, notably Taiwan (up 36%) and Korea (up 33%), with both Hong Kong and Thailand exceeding 20%. In view of the improved outlook for the U.S. economy this year, a further expansion of U.S. purchases is in prospect.

Promotional efforts

The continued rise in U.S. sales to the vast and diverse Far Eastern market reflects the growing recognition by U.S. suppliers that the region offers a broad range of trade opportunities. To support and supplement the efforts of U.S. businessmen, the Department of Commerce has utilized a variety of promotional vehicles.

In recent months official trade fair participation has included the International Engineering Exhibition in Melbourne, the New Zealand International Trade Fair in Wellington, the International Hydraulic and Pneumatic Machine Fair in Tokyo, and a solo exhibit of U.S. industrial machinery in Taipei. Additional trade fair participation is being planned for this year, including several shows in Japan.

An expanded program of industry-organized, Commerce Department-approved trade missions has also been scheduled for a number of countries of the area. In the meantime, Sample Display Centers in Manila, Bangkok, and Melbourne are developing local agencies for American suppliers through rotating displays, while the U.S. Trade Centers in Tokyo and Bangkok are continuing with their program of periodic shows tailored to their respective markets.

In addition to the expansion of U.S. trade with the Far East, there has been increasing participation by American firms in the area's economic growth through equity investment and licensing arrangements. As of the end of 1966, total U.S. direct private investment in the Far East (including Oceania) was valued at $4.3 billion, and a further expansion was experienced in 1967.

Australia

Favorable trends throughout economy continue their upward movement

By DEANE M. BLACK
Far Eastern Division, BIC

Prospects for a further expansion in sales of U.S. goods to Australia in the coming months are highly favorable based on the already promising trends which began to appear throughout the economy last year, and the optimistic outlook for export earnings both immediately and in the long term.

U.S. exports to Australia for the first ten months of 1967 rose to $670 million, an increase of 24.4% over 1966. This trend should continue in view of the general upturn in economic activity and projected heavy defense expenditures in the United States which alone are expected to amount to some $130 million in the Australian fiscal year ending in June.

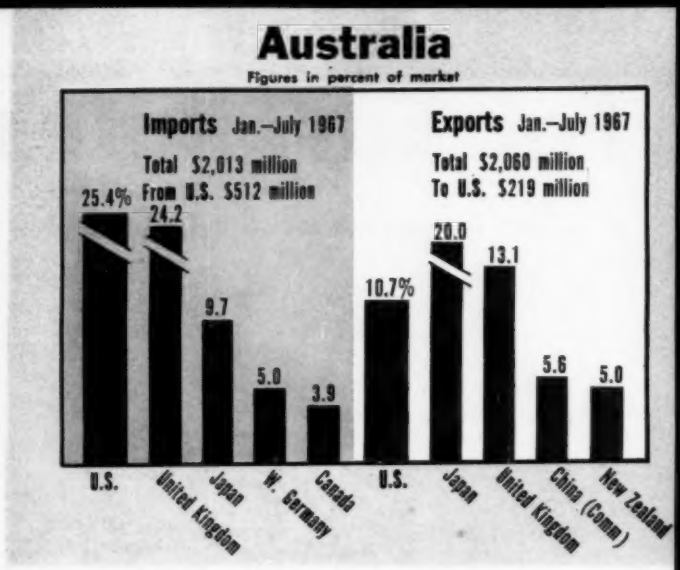
With the exception of the farm sector, there is now clear evidence that greater expansion is taking place in the private sector of the economy, which was one of the objectives in the FY 1968 budget. Private expenditure had lagged behind public spending the previous year due to heavy outlays on defense commitments. According to the Federal Treasurer, in recent months unemployment has fallen more than seasonably and there is an increase in the general demand for labor, consumer spending has been rising, and the demand for both bank and consumer credit has been firm.

Effect of devaluation

The net effect of sterling devaluation on Australia's balance of payments position will also be slight, according to the Treasurer, and although there will probably be a smaller rise in total export receipts, there should also be some savings in the cost of imports. The Government estimates the variation in each case to be about 2% although the changes could be greater for particular classes of imports and exports.

The projected increase in GNP in real terms for fiscal 1968 is 5 to 6%, a rise approximating that of the previous year.

Throughout the Australian business world there is an air of confidence which has become more evident since the acceleration of activity in various sectors took place in the last several months. The Government's decision not to devalue but to maintain the value of the Australian dollar, and its later statements that the effect on the economy of sterling devaluation would be marginal, have also served to further confidence.



Australia's total trade continues at a high level. Exports in fiscal 1967 were valued at $3.3 billion, an increase of nearly 10.6% over the previous year; imports were $3.4 billion, a rise of 3.6% over the year before. There was a marked improvement in the payments balance on current account, the net deficit amounting to considerably less than in each of the two previous years. The improvement was due almost entirely to the large increase in export receipts which more than offset rises in imports. Net apparent capital inflow in fiscal 1967 was $530 million compared with the record $937 million of the previous year, which had been generated almost entirely by the unprecedented internal developments in mining.

As of Oct. 27, Australia's external reserves stood at $1.3 billion, a litle less than at the end of June 1967, but still equal to about 5½ months' imports at FY 1967 levels. There had been a decline of some 13% in reserves during fiscal 1967.

In the first seven months of calendar 1967, Australian imports were valued at $2,013 million while exports were slightly higher at $2,060 million. The U.S. share of the Australian market was 25.4%, a slight increase over the same period in the previous year. The U.S. share of Australia's export trade decreased from 13% to 10.7% in the same period.

CHIEF AUSTRALIAN IMPORTS FROM U.S.: electrical machinery and apparatus, aircraft and parts, automobile parts, excavating machinery, internal combustion engines, tractors, office machinery. CHIEF AUSTRALIAN EXPORTS TO U.S.: beef, raw wool, lead and ores, sugar, frozen shellfish, mutton, titanium and zirconium ores.

The U.K. share of the Australian market remained stationary at about 24.2% the first seven months of last year although the U.K.'s position, both as the principal supplier of Australian imports and as the best customer for Australia's exports, has been declining since 1949. Japan has replaced the U.K. as the principal market for Australian exports, and the United States is now the principal supplier of Australian imports.

U.S. export prospects

With continued expansion in Australian mineral industries, and projected mineral export earnings of more than $1 billion possible by 1972, U.S. exports to Australia should continue to increase in the next several years, particularly in capital goods and equipment needed in the further development of Australia's mineral resources. Such items as construction, excavating, and earthmoving machinery and materials handling equipment appear to offer unusually good possibilities for future sales. In the next several years, a significant part of U.S. sales, however, will continue to be in defense materials. Stiff competition can be expected from British products which will be lower in price since devaluation and which already enjoy preferential tariff treatment in Australia. Keen competition can also be expected to continue from Japan and Germany.

Several industry-organized, Government-approved trade missions are scheduled to go to Australia in 1968 to promote sales of a variety of U.S. goods.

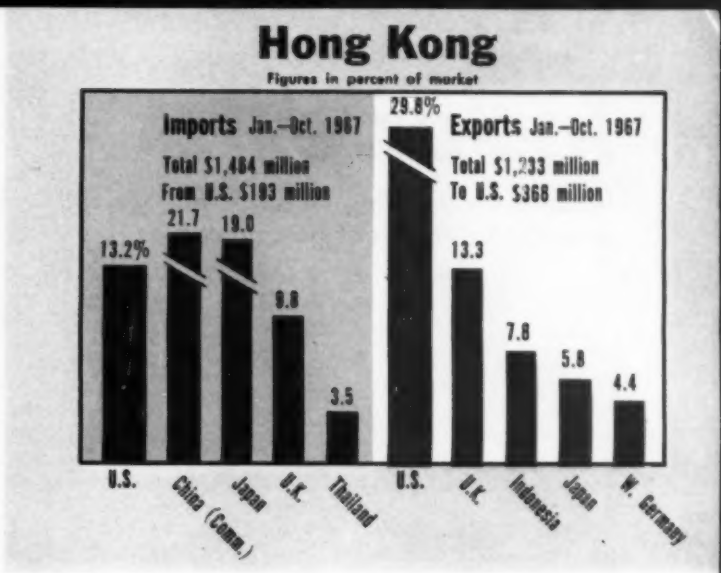
The International Engineering Exhibition in Melbourne last August was highly successful, demonstrating heavy demand for the latest engineering products.

Hong Kong

Trade should continue to increase as foreign exchange receipts grow

By T. MARK KRACZKIEWICZ

Far Eastern Division, BIC



Despite recent Communist disturbances, Hong Kong's trade should continue to expand in 1968. Although total imports for 1967 had risen very little above the previous year's level, the Colony's imports from the United States rose by 23% in the first ten months of 1967. Thus the U.S. share of the market increased above the normal 10 to 11%, and a further increase, but to a lesser degree, is anticipated for 1968.

Normalization of relations with Mainland China and continued increases in export and re-export trade point to a prosperous year for Hong Kong. On the other hand, business confidence has been affected by the upheavals in the Colony and many manufacturers are hesitant about executing expansion plans.

Increased and more normal shipments of foodstuffs from the Mainland together with the Chinese Communist decision to resume deliveries of water to the Colony have made clear that Communist China, for the near future at least, prefers to acquire badly needed foreign exchange through supplying a free Hong Kong with goods and services to seizing the Colony by force. With the resumption of water supplies from Mainland China and the near completion of the Plover Cove reservoir, the Colony's manufacturers will no longer have to face the possibility of having to curtail production due to shortages of water for industrial use.

Within the Colony, stiff police action together with the lack of local support for the tactics of the Colony's Communists have forestalled any major disruptions.

The Colony's export record is the most reliable indicator of how the economy is faring, as some 90% of total domestic production is exported. For the first ten months of 1967, exports of domestically produced goods rose by 12% over the corresponding period of 1966. The coming year should see a similar increase.

Devaluation

Hong Kong's 5.7% devaluation will affect the Colony's import pattern by encouraging Chinese businessmen to be even more price-conscious in purchasing equipment and raw materials, and buyers will tend to favor British goods made cheaper by the British devaluation. Hong Kong's products have been competitive in the international market, and the Colony's merchants hope to resist pressures from the devaluation to lower their export prices in terms of foreign currency.

In any event, Hong Kong's foreign exchange receipts from exports should continue to grow. Tourism, one of Hong Kong's largest industries, has suffered from the Communist-inspired disturbances; but it is expected to expand—although at a lower rate.

Business plans

A key element in Hong Kong's future is the degree of business confidence and willingness to undertake expansion plans or new investment. Bank deposits have risen and currency in circulation has dropped indicating that, in general, confidence in Hong Kong's viability has returned. There have been no large-scale disinvestments, and it is estimated that capital outflow has declined substantially. However, most businessmen in the Colony are wary of making new capital expenditures, particularly until the Government's own capital expenditure plans for the coming year are revealed.

HONG KONG'S CHIEF IMPORTS FROM U.S.: computer and other electronic components, unset diamonds, tobacco, raw cotton, fresh fruit, pharmaceuticals, airconditioning equipment. HONG KONG'S CHIEF EXPORTS TO U.S.: textile fabrics, clothing, plastic manufactures, transistor radios, electronic components, rattan articles, flashlights, lamps.

Bank loans and advances, as of October 1967, had not picked up, and with the rise in interest rates in Hong Kong associated with the Bank of England's new higher prime lending rate, business will find it more difficult to finance new expenditures on plant and equipment.

Investors still there

Foreign investors, despite the disturbances, have not left Hong Kong. The primary economic considerations for location in the Colony still apply—nonexistence of Government red tape, ready availability of modern banking and shipping facilities, and availability of labor.

A large fall-off in Communist Chinese shipments to the Colony accounts for the stagnant level of total imports in 1967. The U.S. share of the market increased from 11% to more than 13% and was accompanied by a 23% rise in purchases from the United States.

For the time being, many U.S. exporters can expect little in the way of new orders for machinery and equipment beyond replacement requirements. Not all businessmen view developments in the same light, however, and some manufacturers are investing in new equipment with special attention being given to quality machines for improved productivity. The flow of raw materials and components for production or assembly of goods for export should increase, as Hong Kong has proved itself capable of meeting overseas delivery dates despite the disturbances, and export orders have not abated. Prospects also are favorable in the consumer goods market where cosmetics, photographic supplies, and quality clothing items are in demand by both local consumers and visiting tourists.

Indonesia

Imports on upswing through foreign aid and rehabilitation of basic facilities

By M. VIRGINIA WEBBERT
Far Eastern Division, BIC

Indonesia
Jan.–Oct. 1967
U.S. exports to Indonesia
$50 million
U.S. imports from Indonesia
$151 million

Opportunities for U.S. exports to Indonesia are expanding as a result of increased foreign aid expected by Indonesia in 1968, a rise in export earnings, and a gradual shift from a stabilization to a development phase in economic planning. U.S. sales this year are therefore expected to be substantially above the depressed level of recent years.

While investors are proceeding cautiously in concluding contracts under the foreign investment law of 1967, interest remains high and new investment is likely in oil, other minerals, and forest resources. The return of previous investors to resume operations in Indonesia is also continuing.

The stabilization program was successful in ending the hyperinflation, although the price rise in 1967 was well above the 65% targeted for the year and the budget was not balanced. Because of low rice stocks, the government was unable to prevent a recent rise in prices for rice, the major item in the cost of living, thus jeopardizing the stabilization effort. Increased supplies are expected, however.

The Indonesian Government hopes to limit price increases in 1968 to 30% and to balance the budget at a 70% higher level, with revenues and expenditures of 139,000 million rupiah each. Development expenditures are to comprise 33% of this total.

Indonesia seeks $325 million in aid in 1968 from the Inter-Governmental Group (IGG) of free-world creditor nations which provided $200 million in 1967. This will be used to proceed with stabilization and develop a base for future economic growth. About $250 million will be used to import essential commodities on the B.E. (export bonus) list. Counterpart funds arising from this aid will provide the local currency for the central government's development budget, to be used mainly to rehabilitate the infrastructure. About $75 million in the form of project assistance is sought to support the development budget through capital goods imports. Indonesia looks to the World Bank to help define project priorities.

While development of basic economic facilities will not contribute immediately to an increase in GNP growth—now 3% annually and sufficient only to keep pace with population increase—it is essential to attract the foreign investment which Indonesia seeks to develop its natural resources.

Pledges by the IGG will be made in early 1968. At a recent meeting in Amsterdam, the United States again agreed to cover one-third of the foreign exchange gap, subject to conditions including commitments by other donors for the balance on satisfactory terms, and the continued efforts of Indonesia to stabilize the economy and use aid effectively. Most U.S. aid in 1968 will be in P.L. 480 funds. The Indonesians hope that Japan will also provide one-third—the balance to come from the Netherlands, West Germany, France, and other interested nations.

Import growth expected

Through foreign aid in 1967, Indonesia's imports were well above the 1966 level of $573 million, probably exceeding $700 million. A further increase is expected in 1968. Exports in 1967 probably exceeded the 1966 level of $679 million, despite a price decline for the main export products. Increased oil production bolstered export earnings and will probably give even greater support in 1968.

Progress was made in simplifying the exchange system and raising export incentives. Exporters are reimbursed for 75% or more of their export proceeds in transferable exchange deposits called B.E.'s, at the fluctuating B.E. rate. B.E.'s may be purchased on the open market to import essential items on the B.E. list. Aid B.E.'s are issued at a preferential B.E. rate to utilize aid funds and may be purchased to import items on the B.E. list specified by the donor country as eligible for financing. Nonessential imports may be imported only with DP (complementary) foreign exchange. The government wants to limit imports to B.E. commodities, and has levied increasingly heavy surcharges on non-B.E. list items.

CHIEF INDONESIAN IMPORTS FROM U.S.: machinery, transportation equipment, rice, raw cotton, lubricating oils, clothing, medical and pharmaceutical products. CHIEF INDONESIAN EXPORTS TO U.S.: crude rubber, crude petroleum, coffee, pepper, other spices, tea, palm oil.

Major suppliers

In 1967, Japan remained Indonesia's major supplier, with the U.S. a poor second. For Jan.-Aug. 1967, exports of the major suppliers were (in millions): Japan, $86; United States, $41; the Netherlands, $32; West Germany, $27.

U.S. exports to Indonesia did not increase as fast as anticipated in 1967 because of the slow use of the $37.5 million in AID funds made available through the B.E. system. January-October exports from the United States totaled only $49.8 million. After July, however, U.S. aid was taken up more quickly when the government reduced the deposit requirement on letters of credit for all aid B.E.'s and offered aid B.E.'s at increasingly preferential rates. Full commitment was expected by year-end. As of December 7, aid-B.E.'s sold for Rp. 140 per U.S. dollar, general B.E.'s for Rp. 196, and DP for Rp. 210.

On Dec. 5, the government again required 100% deposit on aid B.E.'s at the time of purchase. Also, only registered importers who have paid 1967 taxes will now be allowed to buy aid B.E.'s. The continued spread between the two rates is expected to insure prompt use of aid funds.

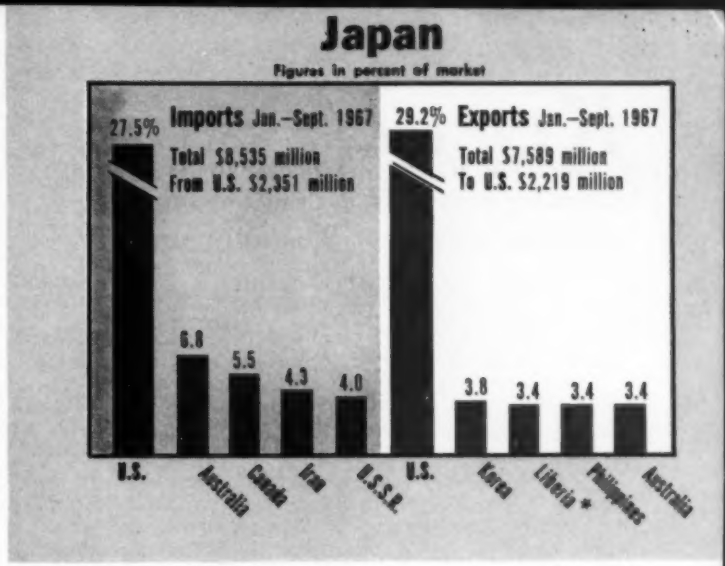
U.S. imports from Indonesia of $150 million from January to October 1967 approximated the comparable 1966 import level.

Indonesia is preparing an economic development program with emphasis on a three-year period beginning in 1969. High priority is being given to increased food production, especially rice, to transport, telecommunications, and irrigation needs, and to raising spinning capacity.

Japan

Market offers excellent prospects; U.S. exports edge toward $3 billion

By TATSUO A. MIYAKAWA
Far Eastern Division, BIC



NOTE: Reflects exports of ships for Liberian Registry.

The Japanese market continues to offer excellent prospects for U.S. suppliers of raw materials, capital goods, and technical services. U.S. exports to Japan during 1967, estimated at $2.7 billion, set a new record and were significantly above the previous year's sales. Prospects for 1968 remain encouraging and, although our gains are not expected to match those of 1967, U.S. exports should edge toward the $3 billion mark.

The Economic Planning Agency's (EPA) forecast of GNP for fiscal 1967, ending March 31, 1968, is $117.8 billion, representing a real growth of 12% over the previous fiscal year. Except for the rate in export expansion, higher than anticipated increases have been registered in nearly all sectors of the economy. This 12% growth rate compares with current forecasts of an 8% real growth for fiscal 1968.

Japanese businessmen, however, have mixed opinions concerning 1968. The U.K. sterling devaluation, which will affect overseas competition for some Japanese exports, came at a time when Japan's balance-of-payments position had deteriorated, largely due to heavy imports. Consequently, the combined effects of a higher Bank of Japan discount rate, higher call market rates, advice to commercial banks to restrain lending activities, and Prime Minister Sato's statement to businessmen to examine their needs carefully, will dampen the rate at which imports might increase. The absolute import value can nevertheless be expected to considerably exceed the 1967 total.

Because of these factors, the 28% increase in plant and equipment investment in fiscal year 1967, one of the highest postwar rates, will slow down noticeably during 1968. However, much private investment to modernize Japanese industry to keep its products competitive in world markets and increased personal consumption expenditures should continue. Government spending will remain large since the need for public works is recognized and fiscal policy can hardly overlook the basic needs of housing, utilities, transportation, and other social overhead types of requirements essential for the long-range development of Japan.

The effect of the U.K. sterling devaluation on U.S. exports to Japan is expected to be minimal.

The U.S. share of the Japanese import market, with limited exceptions, has been remarkably steady, centering around 28% and varying only a percent or two from year to year. Based on January-September 1967 data, the U.S. share dipped slightly below 28%. As Japan continues to broaden its supply sources, however, vigorous promotional efforts may be required to prevent our share from declining further. Japanese trade data show that imports from the United States in the first nine months increased by 20.6% over the comparable 1966 period but Japan's total imports increased by 22.5%.

The first significant effects of the Kennedy Round negotiations will begin to be felt in Japan starting July 1, 1968, at which time Japan will institute a two-step reduction in its tariffs, amounting to 40% of the reduction agreed to during the negotiations. U.S. products thus will become more attractive to Japanese buyers.

Leading U.S. exports to Japan continue to be centered in basic raw materials, such as iron and steel scrap, chemicals, soybeans and other oil seeds, softwood logs and lumber, wheat, and cotton which together totaled about $750 million in the first three quarters of 1967. However, electrical and nonelectrical machinery exports alone accounted for another $294 million during this period. Prospects for additional sales of items in this category remain favorable since most U.S. machinery fits into the Japanese equipment investment scheme.

CHIEF JAPANESE IMPORTS FROM U.S.: machinery, chemicals, iron and steel scrap, soybeans, logs and lumber, wheat, cotton. CHIEF JAPANESE EXPORTS TO U.S.: iron and steel mill products, radio and TV sets, textiles, non-electrical machinery, clothing, motor vehicles, musical instruments.

Official Japanese trade data for the first nine months indicate that in addition to the United States, other major suppliers (excluding suppliers of crude oil) include Australia, Philippines, Canada, USSR, and West Germany. Major export markets were South Korea, Liberia, Philippines, Australia, and Hong Kong.

Deficit forecast

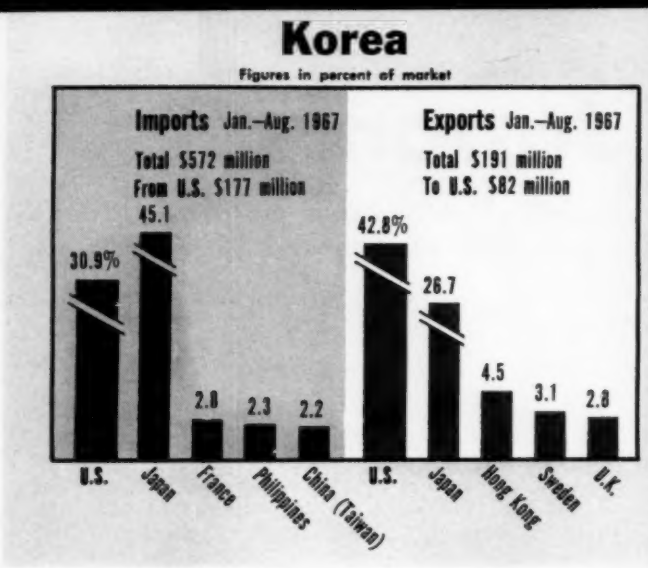
Japan's balance-of-payments position has deteriorated badly. The EPA now forecasts a deficit of $590 million for the current fiscal year. Because of short-term overseas borrowings, however, Japan's foreign exchange holdings showed only slight changes in 1967. The present sizable trade and payments imbalance could lead to a more effective application of the tight money policy and a government decision toward a deflationary program.

The Department of Commerce has determined through market research that the following product categories offer good trade opportunities and has thus scheduled shows at the U.S. Trade Center in Tokyo in these lines: commercial laundry and dry cleaning equipment, nonmedical hospital equipment, shipyard production and marine equipment, document processing and reproduction equipment, and environmental test equipment. In addition, the United States will participate in the Japan Electronics Show next September, as well as one or two other exhibitions. State trade missions and industry missions are also tentatively scheduled to visit Japan including those selling U.S. mining equipment and softwood plywood.

Korea

Economy continues expansion, imports increase, growth in U.S. sales seen

By NORMAN D. GLICK
For Eastern Division, BIC



U.S. sales to Korea, up sharply in 1967, should again increase significantly this year as Korea's rapidly growing economy continues its expansion and overall imports continue to rise. The U.S. share of the market, however, may not change appreciably from the recent 31% level.

Total imports are expected to top the $1 billion mark in 1968. Contributing to the increase in imports will be the expansion in industrial output and in exports, increased foreign exchange earnings, the growing domestic market, and further liberalization in import regulations. In addition, continued financial assistance from the United States and other countries, particularly Japan, should contribute to increasing imports.

Continued industrial development with the resultant growing demand for industrial raw materials and capital equipment will account for the greater part of the expansion of Korea imports.

Korea's 1967 GNP is estimated at $3.6 billion, representing an increase of 9.5% in real terms over the 1966 figure. This compares with an average annual real growth rate of 8.5% between 1962 and 1966. The 1968 real growth rate is projected at 10%.

Trade continues up

There is some doubt that Korea's exports in 1967 will achieve the Government's revised target of $360 million. Although exports may be closer to $330 million, it would still represent an increase of 32% over the 1966 figure. The export target for 1968 has been set at $450 million.

Korea's imports during the first eight months of 1967 totaled $572 million, an increase of 40% over the same period in 1966. Total imports are expected to exceed $900 million for the full year and to exceed $1 billion for 1968. Imports of machinery in 1968 are projected at about 32% ($345.6 million) of total imports, compared with 24% in 1966.

The U.S. share of imports financed by Korean Government-owned foreign exchange (KFX) increased slightly to 20% ($72 million) during this eight month period in 1967. This increase was due, in part, to increased imports from the United States of wheat and cereal preparations, iron and steel scrap, and aluminum. KFX imports have become of greater significance in the total import picture, accounting for 63% of total imports for the first eight months of 1967; they were less than half of total imports in 1964.

The Korean Government, in July 1967, initiated a "negative list" trade system which considerably revised the previous trade system. The large category of "unspecified" items that required a case-by-case approval by the Government has been eliminated and all commodities not listed as prohibited or restricted (the negative list) are freely importable. Simultaneously, the Government reduced the level of import restrictions, with additional reductions planned for 1968. Both actions are expected to facilitate an increase in imports (INTERNATIONAL COMMERCE, October 23, 1967).

Overall industrial production increased by 24.5% in the first seven months of 1967 compared with the same period of 1966. Manufacturing production increased by 24.4%, mining by 20.6%, and electricity by 31.5%. Lack of rain, however, has resulted in a temporary power shortage. The Government, as a result, has earmarked $10 million in foreign exchange to be made available on loan to Korean industry for import of small generators of 200 to 500 kilowatts. Government investment in thermoelectric power facilities is expected to considerably reduce this bottleneck in 1968.

CHIEF KOREAN IMPORTS FROM U.S.: raw cotton, wheat, iron and steel scrap, beef tallow, sulfate wood pulp, natural rubber, fertilizer. CHIEF KOREAN EXPORTS TO U.S.: plywood, garments, wigs, fresh fish, cotton fabric, wool fabric, raw silk.

Market research conducted by the Department of Commerce in November 1967 in connection with a proposed commercial exhibit in Korea indicates the following categories of machinery and equipment as having good potential for U.S. exports: packaging, food processing, metalworking and forming, testing and measuring, office, plastics fabricating, and equipment for the petrochemical industry. Other areas with a somewhat narrower potential include mining, textiles, construction, communications, ceramics, and heating, ventilating and air conditioning equipment.

Recent Government approvals of U.S. equity investments include American Airlines for construction of a hotel, Control Data for manufacture of electronic parts, and Gulf Oil for manufacture of polyethylene bags. As of November 1967, U.S. firms since 1962 had received approvals for 37 investments valued at $54.7 million, or 86% of total foreign equity investments approved. Investments in agri-business and petrochemicals is especially desired by Korea. There are a considerable number of investment possibilities in the country, and the Korean Government continues its efforts to facilitate the entrance of U.S. investment, including the granting of approval during 1967 to three American banks to open branch offices in Seoul.

Commerce ministers meet

The U.S. Secretary of Commerce and the Korean Minister of Commerce and Industry met in Seoul in late October 1967 for the first annual meeting of the United States and Korean Commerce Ministers. Subjects covered at the meeting included means of expanding two-way trade between the countries and increasing private U.S. investment in Korea.

Malaysia

World rubber price dims outlook; economy continues modest gains

By JOHN E. WALSH
Far Eastern Division, BIC

U.S. sales to the Malaysian market in 1968 should reflect a modest increase despite evidence of some economic slowdown in 1967.

Increased import demands are expected to be supported by Malaysia's intensification of efforts to strengthen the momentum behind its industrialization plans and by the growing needs for goods and services to maintain a relatively high standard of living. Malaysia's per capita income is about $320, second to that of Singapore in Southeast Asia.

Imports of both capital and consumer products are expected to be 4-5% above the 1967 level. There are no visible reasons why U.S. suppliers should not maintain their previous share of the Malaysian market.

Malaysia's economy encountered some shock in 1967 with the precipitous drop in the world market price of natural rubber, the country's ranking export product, which skidded to its lowest point in 18 years. Tin prices also dipped, but not severely. A consequent worsening of the country's terms of trade cast a pall over business activities and prolonged the slowdown which had begun in 1966.

Fortunately, reorientation of the economy during recent years by the creation of new industries producing largely for the domestic market, and by widening the agricultural base by the planting of oil palm, has proved its worth in somewhat reducing reliance of the Malaysian economy on natural rubber and tin.

On the whole, the Malaysian economy continued to advance on a modest scale in 1967, the gross national product moving up in real terms by an estimated 3% over the previous year to a level of about $3,950 million. This compares with GNP growth of 6.3% in 1966.

Record rubber output

The Central Bank has reported that both deposits and advances to banks continued to increase steadily throughout most of 1967. Rubber production is believed to have reached the million-ton mark for the first time, a considerable volume increase over the previous year. Tin production in 1966 set a 25-year record and, on the basis of the first 9 months' performance, the 1967 total was even larger.

According to statistics for West Malaysia (figures are not available for East Malaysia—Sabah and Sarawak), during the first four months of 1967 exports amounted to $323.3 million and imports $295.3 million, changes of −3% and +5.5%, respectively, compared with figures for the corresponding period of 1966. These statistics show the United States supplying $17.8 million, or 6% of total imports, and taking $53 million, or 16% of exports. The United States followed only Singapore among leading customers, and was the seventh-ranking supplier.

Based on U.S. Census data, U.S. imports from Malaysia—mainly rubber and tin shipments—in the first ten months of 1967 amounted to $155 million, or 7.9% above the comparable 1966 figure.

U.S. exports to Malaysia in the same period amounted to $37.3 million, reflecting a 2.6% decline from the comparable 1966 level. Major items in this trade continued to include tractors and parts, construction and mining equipment, agricultural machinery, heating and cooling equipment, and raw tobacco. Indications are that U.S. suppliers of major items should continue to be quite competitive and effective. In addition, first deliveries of American civilian aircraft, already in the pipeline under Export-Import Bank financing for deliveries starting in mid-1968, will bolster the U.S. share.

The perceivable trends currently present a somewhat mixed picture as to economic growth in the immediate future and for the Government's development plans. Whether or not the momentum of economic growth will be substantially affected, a continued fall in export earnings could mean some slowing down of certain development plan projects. The Government has not adopted any restrictive policies on the use of exchange or transfer of funds, and there is no indication that such policies are contemplated.

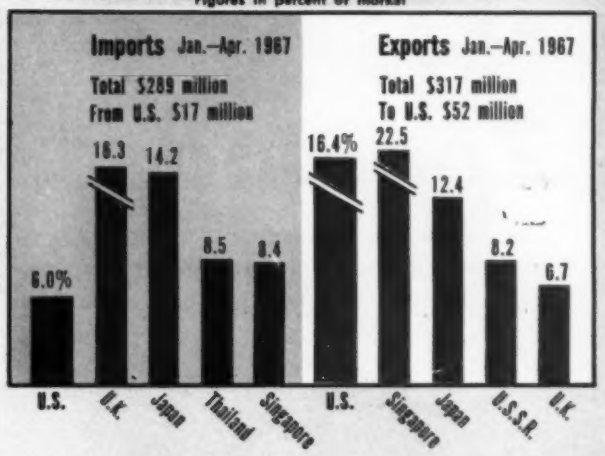
Over the longer run, however, the outlook for accelerated economic growth is not necessarily unfavorable. Official exchange holdings remain large enough to cover more than eight months' imports at the current level. Fast-growing timber and oil palm industries are already increasingly lucrative exports and should fill some of the earnings gap. More coordinated and effective tax-incentive features are ready for introduction to attract more foreign and domestic capital into productive enterprises.

Additionally, Malaysia presently has relatively small debt service commitments which, together with its well-earned reputation for sound fiscal management and economic strength, gives the country an excellent credit rating abroad.

Furthermore, fruition of development projects now underway can be expected in the long run to save important foreign exchange. A good example of this is the Muda River irrigation project, financed largely by a World Bank loan and scheduled for completion in 1970, which will result in double cropping of a large area of land in rice and lead to self-sufficiency in that product.

Malaysia*

Figures in percent of market



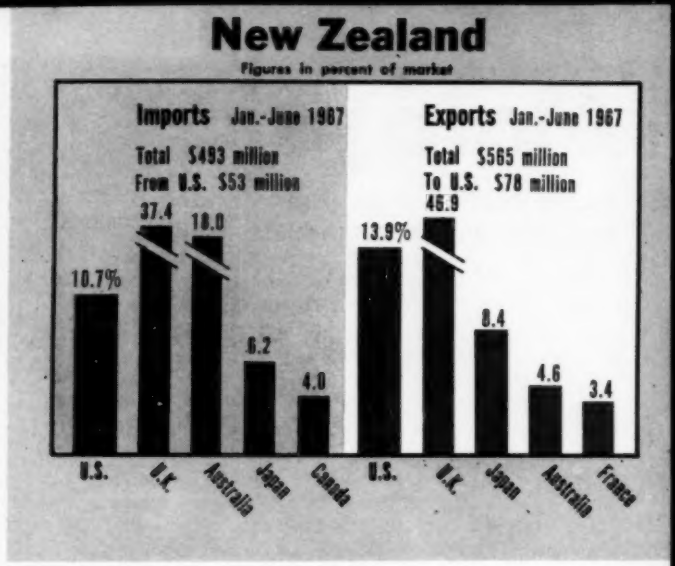
* Statistics apply only to West Malaysia

CHIEF MALAYSIAN IMPORTS FROM U.S.: tobacco and products, motor vehicles, non-electrical machines, generators, petroleum products, medicinals, paper and paperboard. CHIEF MALAYSIAN EXPORTS TO U.S.: tin, crude rubber, foodstuffs, vegetable oil, lumber, textile goods, clothing.

New Zealand

Liberalization of imports expected as devaluation improves trade surplus

By JOHN N. RANDOLPH, JR.
Far Eastern Division, BIC



Devaluation of the New Zealand dollar may initially compound the difficulties already encountered by U.S. exporters to this market; however, though U.S. exports may continue to decline in the early part of 1968, an improved trade surplus for New Zealand—as proceeds from wool and other exports increase—should lead to an expansion of business activity and rising imports from the United States in the second half of the year. The prospect is thus for some overall increase in U.S. sales for the full year.

The long-range effects on the New Zealand economy and balance of payments should be beneficial, especially if the Government uses the protection provided by devaluation to partially dismantle the import licensing system. Competition in the import marketplace would allow a more efficient use of resources. The use of import licensing for the past 30 years has distorted the allocation of foreign exchange. Future imports have been predetermined by past purchases.

U.S. products will be at a price disadvantage vis-a-vis British goods, because of the devaluation. Most imports from the U.K. and other Commonwealth countries are also accorded preferential tariffs.

The New Zealand dollar was devalued 19.45% from US$1.39045 to US$1.12, bringing it into parity with the Australian dollar.

Economy sluggish

The GNP in current prices increased by 5.4% to $5.5 billion for fiscal year 1967 (ended March 31, 1967). This was a considerable drop from the 7.5% and 9.1% growth rates recorded in fiscal 1966 and 1965 respectively. The all groups consumers' price index increased 4.2% from the March 1966 to the March 1967 quarter, so inflation accounted for most of the increase in GNP.

The business community is still in the throes of a slowdown in activity precipitated by the fall in the auction price for wool and the resultant fiscal and monetary measures taken by the Government to deflate the economy and keep the balance of payments deficit within manageable proportions. The current account deficit for fiscal 1967 was $237.8 million, a slight improvement over the $262.4 million deficit recorded in fiscal 1966. The trade surplus was $87.5 million; however, the deficit on invisible transactions was $325.3 million.

Private direct foreign investment showed a sharp decline from $87.6 million in fiscal 1966 to $40 million in fiscal 1967. Direct investment by British firms was less than $2 million. Other sterling area countries accounted for $19.9 million; the United States and Canada, $15.3 million; and Common Market countries less than $300,000.

In his statement announcing the devaluation, Prime Minister Holyoake referred to the fact that devaluation would increase the effective protection available to New Zealand industry, facilitating progressive liberalization of import licensing and other exchange controls.

According to U.S. Census data, U.S. exports to New Zealand (including special category shipments) were $74.2 million during the first ten months of 1967, a 22.3% decline from the first ten months of 1966. U.S. imports from New Zealand during the same period were $137.6 million, a 12% drop from 1966.

Import liberalization and an improvement in the balance of payments, as the effects of devaluation are felt, should lead to a resumption in economic expansion. New Zealand depends heavily on foreign trade, and an improved export picture will lead to importation of capital equipment as business activity resumes.

CHIEF NEW ZEALAND IMPORTS FROM U.S.: aircraft, tractors, tobacco, sulphur, organic chemicals, phosphate fertilizers, textiles. CHIEF NEW ZEALAND EXPORTS TO U.S.: beef and veal, wool, sheepskins, casein, shellfish, cheese, sausage casings.

Markets available

U.S. suppliers of materials handling equipment, light airplanes, computers, office machinery, chemicals, and fertilizers will continue to find markets in New Zealand. Projected sales of U.S. photocopying, microfilming, and records retrieval equipment are expected to reach $1.25 million during the next year as a result of the U.S. exhibit at the Wellington International Trade Fair in August.

The U.S. share of the market for the import licensing year ended June 30, 1967 was 11.3%, according to provisional New Zealand statistics. Imports from the United States declined slightly from $117.3 million in licensing year 1966 to $114.6 million for 1967. The U.K. supplied 36.3%; Australia, 19.8%; Common Market countries, 7.6%; and Japan, 6.1% of New Zealand's total imports of $1,008 million.

Exports to the United States from New Zealand increased 5.8% to $159.2 million for the year ended June 30, 1967, although New Zealand's total exports declined 5.7% to $1,005 million. The U.K. purchased 43.7% of the total exports. The Common Market (11.7%), Japan (8.8%), and Australia (4.9%) are the other major markets for New Zealand.

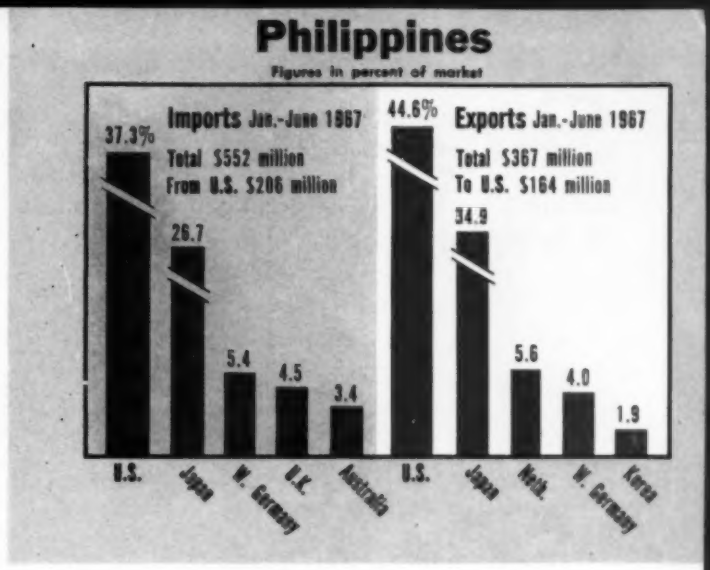
New Zealand's balance of payments and trade statistics cited above have been converted to U.S. dollars at the old exchange rate to reflect transactions taking place before devaluation.

Philippines

Tight credit pinches importers; focus on capital goods urged

By MAURICE KOGON

Far Eastern Division, BIC



U.S. exports to the Philippines in 1967 exceeded all previous highs, despite tight credit controls imposed on Philippine importers in June. A leveling off in 1968 seems likely, however—particularly if further import restraints become necessary to redress a mounting deficit in the Philippine balance of payments.

In 1967, U.S. exports benefited from heavy Philippine procurement of raw materials, machinery, and transport equipment to carry out new development projects. Sizable imports of wheat and rice were also necessary and came largely from the United States as well. Except for rice, imports of these items should continue to expand in 1968.

Breakthroughs in local rice cultivation made possible by the application of a "miracle" rice seed could make the Philippines self-sufficient in rice this year. However, demand for imports from the United States should increase for machinery and equipment needed for road building projects, sea and airport development, and expansion of power, telecommunications, transport, and irrigation facilities. These are priority areas under the Government's public works program.

Credit restricted

Increased U.S. exports of capital goods in 1968 will be offset to some extent by reduced sales of consumer goods resulting from the tighter credit controls. The unusually heavy Philippine imports of capital goods in 1967 exerted great pressure on the balance of payments at a time when Philippine exports were declining for the first time since 1961. The payments problem was aggravated by net capital disinvestments brought on by uncertainties in the investment climate.

Comparing the first seven months of 1967 with the corresponding 1966 period, total Philippine trade increased by 7%, with imports up by 28% to $593 million and exports down by 12% to $439 million. Imports from the United States during this period rose by 35% to $216 million, giving the United States a 36.5% share of the market, compared with 34.8% at the same point in 1966. Imports from Japan, the principal competitor, reached an estimated $160 million by the end of July 1967.

By June 1967, Philippine foreign exchange reserves had fallen to an unseasonably low level, prompting the Central Bank to impose comprehensive credit restrictions affecting all sectors of the economy. Traders and producers dependent on imports were hardest hit by two new requirements—one calling for all imports to be financed by letter of credit and the other requiring importers to pay advance margin deposits ranging from 25 to 180% of the value of the import. Although these restrictions were subsequently eased for imports of essential producer and consumer goods, they remain severe for less essential items.

New restraints possible

Since U.S. exports to the Philippines generally fall in the more essential categories, the 1967 credit restrictions had somewhat less adverse effect than initially expected. If pressures on the Philippine balance of payments intensify in 1968, however, new restraints on imports may have to be considered.

The key to whether more restrictrive tax, credit or exchange policies prove necessary in 1968 may lie in the performance of Philippine exports. If exports rise sufficiently above the depressed 1967 level to offset accelerated import demand, additional import restraints may not be needed.

The outlook at this stage is uncertain. On the plus side, production increases are expected for sugar, copra, coconut oil, minerals, and wood products, all major export items. In addition, President Marcos has proposed an intensified export diversification and promotion program that could give badly needed impetus and direction to the export sector.

Preference margin reduced

On the other hand, Philippine exports to the United States, the largest market, may be adversely affected by the reduction in tariff preferences available here under the Revised U.S.-Philippine (Laurel-Langley) Trade Agreement. As of Jan. 1, 1968, the tariff preference accorded Philippine exports to the United States declined from 60% to 40% of ordinary U.S. duty rates.

Devaluations in the U.K. and other European countries will have little immediate impact on Philippine exports, since trade with these countries has never been significant. For a country which needs to expand its export outlets wherever possible, however, the devaluations could pose a problem in the longer run.

If the Government does find it necessary to impose more stringent tax and credit measures in 1968, consumer imports will not alone feel the pinch. Private sector industrial activity began to tail off in the latter part of 1967 after sharp gains made prior to the credit restrictions. Although real growth in the gross national product in 1967 probably exceeded the low 4.2% increase in 1966, businessmen are less optimistic about prospects in 1968 if the credit situation is not eased.

CHIEF PHILIPPINE IMPORTS FROM U.S.: non-electric machinery, electric machinery, transport equipment, cereal grains, raw cotton, textiles and apparel, explosives. CHIEF PHILIPPINE EXPORTS TO U.S.: sugar, copra, coconut oil, dessicated coconut, abaca, plywood, canned pineapple.

Singapore

Economy on move; increasing opportunities for widening range of U.S. interests

By JOHN E. WALSH
Far Eastern Division, BIC

The level of U.S. sales to Singapore in 1968 should reflect another increase, although less than the large rise experienced last year.

The trend of Singapore's import trade is healthily upward, pushed along by a program of light industrialization demanding additional capital goods and equipment of the type that many U.S. manufacturers already are supplying.

A sense of direction and business confidence prevails in Singapore today.

Predictions are that 1967, at final tally, will have been an all-time record trading year. Despite some trouble spots still to be ironed out, the economy continues to reflect a healthy and sustained rate of growth which holds forth increasing business opportunities for a widening range of U.S. interests.

The recent summary made by the Minister of Finance in presenting the State budget for fiscal year 1968 contains some pertinent economic indicators. An increase in government revenue approximating 10% is anticipated, not as a result of additional tax levies but due to the incidence of expanding economic activity. Gross national product reached an estimated $1,147 million in 1967, an 8% increase in real terms over that of the preceding year.

Foreign trade in the first nine months of 1967 was also up 8% in value, 15% in volume. Tonnage of ships arriving in port was up 11%. Bank deposits were up 29% and construction starts, an impressive 66%. Singapore's per capita income, which stood at $555 in 1966, is the highest in Southeast Asia.

Main reasons cited for such improvement were threefold: the growth of renewed trade with Indonesia; expansion of exports to Viet-Nam; and the inflow of money and industries from Hong Kong.

Singapore trade data for the first eight months of 1967 show exports amounting to $773.9 million and imports of $984.7, increases of 5.3 and 15%, respectively, over the comparable 1966 period. These statistics show the United States supplying $49.4 million, or 5%, of total imports and taking $52.9 million, or 6.8% of exports.

According to U.S. Census data (which generally exclude non-Singapore origin goods shipped via Singapore), U.S. imports from Singapore in the first ten months of 1967 were valued at $13.1 million, the same level as for the comparable 1966 period.

U.S. exports to Singapore during the first ten months amounted to $54.5 million, a 27.6% increase over the comparable period in 1966. Major items of trade continued to be transport equipment, power generating machinery, heating and cooling equipment, and machinery for mining and construction. Some slippage from last year's performance in favor of Japanese and West German suppliers of certain items is indicated, however.

Indonesian trade up

The rapid recovery of the interrupted trade with Indonesia is obviously one of the principal factors in Singapore's current economic buoyancy. Trade in 1967 is likely already to have exceeded the preconfrontation level in all but petroleum shipments, which remain much lower than previously. Singapore shipments to Indonesia are estimated to have exceeded the 1962 level by as much as 50% due to Singapore's additional industrial expansion in the interim. This upward trend is expected to continue at least for the next few years, perhaps at an even steeper rate, as Indonesia again utilizes Singapore's entrepot trade and manufacturing facilities in its efforts to recover from its economic decline.

Sizable shipments to South Viet-Nam have constituted an added fillip. About 80% of this gross trade is in petroleum.

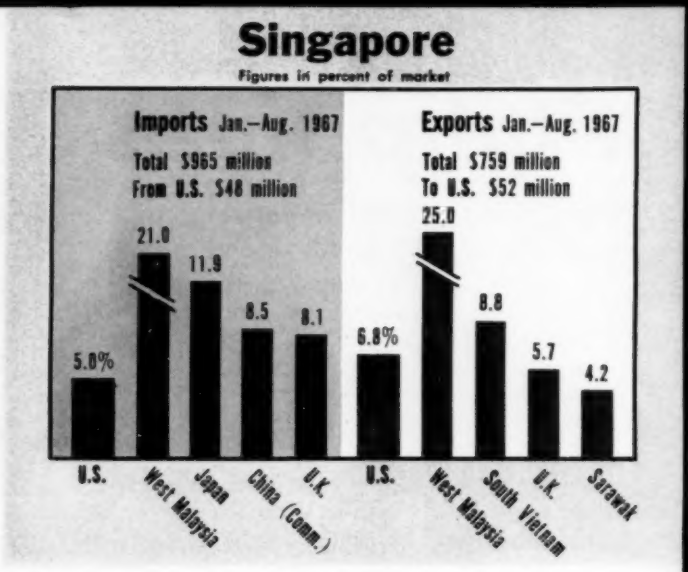
Hong Kong's security problem in recent months has influenced the transfer, at least temporarily, of some $50 million in so-called "hot money" to Singapore, plus firm commitments of some 80 Hong Kong industrialists to establish operations there. To meet these and other demands for factory space, the Singapore Government is building more than a hundred new factory premises for lease.

On the unfavorable side, the two major economic challenges to Singapore's continued upward trend, and to its Government's ingenuity in maintaining this impetus, are the planned pullout of British forces between now and 1971 and the serious problem of unemployment and under-employment. Singapore is less concerned by the loss of local expenditures by British personnel, which represent a relatively small percent of the country's income and will be spread over several years, than over the resultant dislocation of some 12,000 jobs.

The immediate and major task facing Singapore is to create sufficient new employment opportunities to solve this problem. This it hopes to do through more rapid industrialization, particularly in export-oriented, labor-intensive industries. It also hopes to supplement exchange earnings and employment by stepping up exploitation of such potentials as tourism and deep-sea fisheries.

These hopes are being backed up realistically by providing an already developed and steadily improved local infrastructure and by devising financial assistance-tax incentive schemes which add up to a highly attractive, hospitable investment climate.

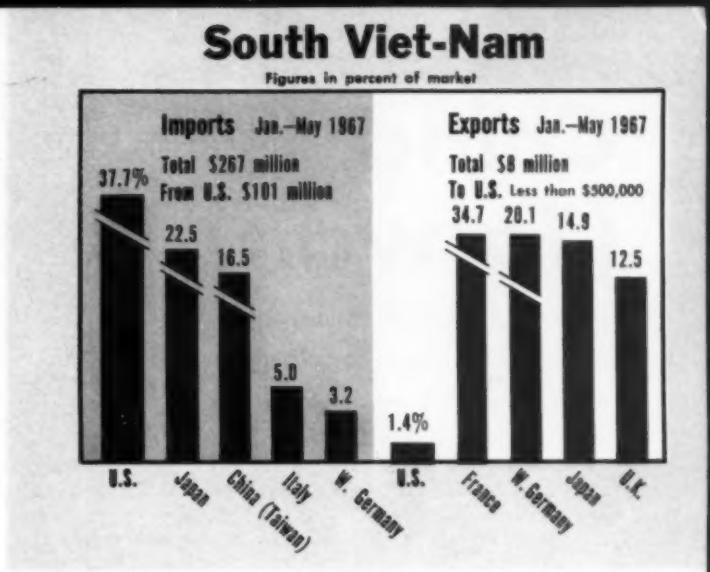
CHIEF SINGAPORE IMPORTS FROM U.S.: non-electrical machines, industrial machinery, tobacco and products, motor vehicles, petroleum products, generators, medicinals. **CHIEF SINGAPORE EXPORTS TO U.S.:** crude rubber, coffee, clothing, ships stores, spices, preserved fruits, cotton fabrics.



South Viet-Nam

Strong revival of import orders expected in '68; U.S. share may rise

By WALTER G. WEST
Far Eastern Division, BIC



A strong revival of ordering by Vietnamese importers is anticipated in 1968. At the same time, the U.S. share of the expanded Vietnamese market should increase.

Until recent months, there had been a slackening in import ordering due to the need of importers to work off large inventories. This reflected heavy ordering immediately after the removal of import quotas and other liberalization measures undertaken following the devaluation of mid-1966.

Consequently, there was an increase of about 60% in import arrivals during the first half of 1967 over the corresponding period of 1966. This was greater than the immediate demand for imports despite the high levels of urban employment and income.

Bank credit, as a result of the demands placed on it by these inventories, had been insufficient to maintain extensive licensing in 1967. The large inventories should decline to a moderate level in 1968, however, and the volume of orders should increase substantially during the remainder of the year.

Improved stability

Despite the difficulties imposed by the war, the economy of South Viet-Nam has shown signs of improving stability. Inflation has been reduced to more manageable proportions, partly reflecting the large stocks of imported supplies.

The Saigon indexes for retail prices and for cost of living for lower-income and middle-income families increased by 35%, 40%, and 34% respectively during the twelve-month period ending last October. This compares favorably with increases of 78%, 75%, and 63% for the twelve-month period ending in March 1967. Prospects appear to be good for holding future increases to an annual rate of 30-40%, which is considered acceptable in view of the present war economy.

The volume of U.S. exports to Viet-Nam has been mainly influenced by the size of the Agency for International Development (AID) program and PL 480 shipments. Restrictions on the procurement of certain commodities, such as iron and steel products, to U.S. source have enabled U.S. exporters to furnish a growing proportion of AID-financed imports into Viet-Nam, which has increased from 37% of fiscal 1963 import licenses to 89% in fiscal 1967.

The size of the Commercial Import Program component of the AID program declined sharply in calendar 1967, when import licenses are estimated to have totaled less than $100 million, as compared to $321 million in 1966. This resulted in a slightly reduced overall volume of U.S. exports to Viet-Nam.

This decline should be reversed in 1968, since arrivals of AID-financed imports are expected to increase by a substantial amount later in the year.

Exchange reserves up

Because of growing foreign exchange reserves (as a result of local U.S. Government procurement and personnel expenditures), reflected in an increase from $179 million at the end of December 1965 to $336 million by December 1967, the Vietnamese Government has been able to finance an increasingly large share of its imports. Import licenses financed from its own exchange increased from $246 million in 1966 to approximately $285 million in 1967, and should maintain an upward trend during 1968.

Although the U.S. share of these imports has remained very small. It increased from 2.8% of 1966 licenses to 7.8% of licenses issued during Jan.-Sept. 1967.

AID-financed commodities which offer excellent opportunities to U.S. exporters include trucks, tires and tubes, plastic raw materials, industrial machinery, tractors, and irrigation equipment.

However, because of the substantial portion of imports now financed by the Government of the Republic of Viet-Nam (roughly 50%), U.S. businessmen should direct increasing attention and greater sales efforts in this area of the market in order to boost the relatively minor share now held by U.S. products. Table beverages, certain pharmaceuticals, household air conditioners, and textile and leather machinery are among the items in which U.S. exporters are competitive.

Rice prospects

In connection with future opportunities, of major importance to the progress of the economy is the rice production situation. Although the majority of the people are engaged in agricultural work, war dislocations have changed the country from being a net exporter of rice to one which had to import nearly three-quarters of a million tons last year.

A new high-yield strain of rice (IR-8), now being introduced, permits optimism that future rice production can be sharply increased with resultant higher purchasing power and demand for cultivation and irrigation machinery as well as for fertilizer.

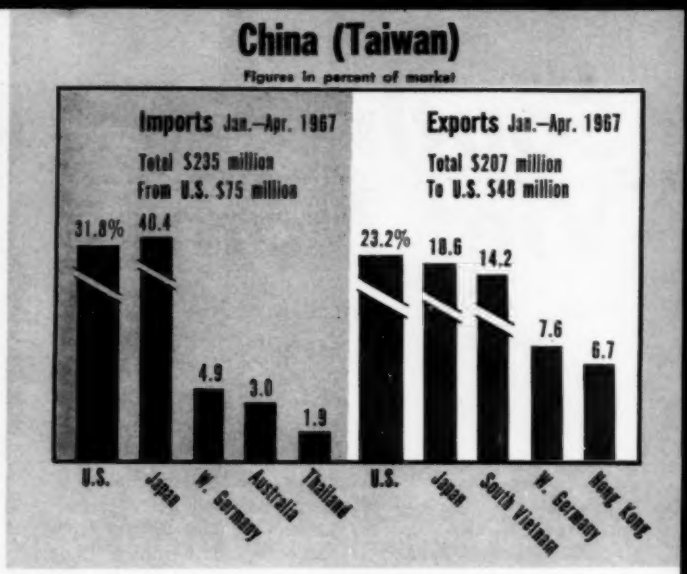
CHIEF SOUTH VIET-NAM IMPORTS FROM U.S.: rice, motor vehicles, fertilizer, electric power equipment, condensed and evaporated milk, iron and steel mill products, raw cotton. CHIEF SOUTH VIET-NAM EXPORTS TO U.S.: shrimp, duck feathers, cinnamon, tea.

China (Taiwan)

Imports expected to continue at high levels; U.S. regaining larger share

By T. MARK KRACZKIEWICZ

Far Eastern Division, BIC



To support a booming domestic economy with necessary raw materials and machinery, imports by the Republic of China (Taiwan) are expected to continue at high levels in 1968. With imports in 1967 estimated to reach $750 million on a customs arrival basis, imports during the coming year may well top the $850 million mark. The U.S. share of the market should rise, thus ending the decline it has taken since 1963. In absolute terms, U.S. sales should also expand considerably, although probably not matching the sharp percentage increase of last year.

Rising exports coupled with heavy construction activity and the growing prosperity of the domestic market have supported an industrial expansion which is turning toward the erection of facilities for production of a wide range of intermediate goods. There is a general recognition by the Chinese Government that if Taiwan is to maintain its rapid growth rate, reforms in the areas of banking and the administration of import and export regulations are necessary.

Targets exceeded

Taiwan's per capita income at $209 ranks among the highest in Asia. With an estimated growth, in real terms, of 9% in 1967, Taiwan's GNP, at about $3.4 billion, surpassed the Government's planned average annual growth rate of 7% for the years 1965 to 1968. China's Fifth Four-Year Economic Plan, currently being formulated, calls for an increase in per capita income to nearly $300 in 1973. Industrial output continues to outpace agriculture as a contributor to national income, and plans for a steel mill, expansion of the petrochemical sector, and the burgeoning electronics industry testify to the rapid industrialization of Taiwan's economy.

In meeting the demands of this market, U.S. exporters face stiff Japanese competition, and aggressive salesmanship is needed if U.S. firms are to exploit trade opportunities to the full. From a 45% share of the Taiwan market in 1963, the U.S. share fell to 27% in 1966. The phase-out of the AID program together with a forceful Japanese penetration of the market have been responsible for the decline in the U.S. share. Japan now accounts for 40% of Taiwan's imports.

Data for the first four months of 1967 indicate that the U.S. share of the Taiwan market stands at 32%, the same percentage held by the United States in the corresponding period of 1966. It would thus appear that the U.S. share has halted its decline, and a number of developments promise that it will begin to rise.

The impact of the U.S. Industrial Machinery Exhibition in Taipei in November of last year will be felt in 1968. Exporters who did not participate in the exhibition also will benefit as knowledge and acceptance of U.S. equipment spreads. The $5 million credit by the U.S. Export-Import Bank to finance Taiwanese imports of American machinery and equipment has not yet been fully disbursed and should help boost U.S. sales to Taiwan this year.

Import rules easier

Steps already taken toward import liberalization lessen Japan's advantage of geographic proximity, and the likelihood of further liberalization in the coming year should make it possible to increase U.S. sales. By recently removing the requirement that only end-users can import machinery and equipment on the permissible import list, the Chinese Government opened the way for registered traders to carry warehouse stocks of machinery items for display, demonstration and sale.

By an earlier Government action, importers opening a letter of credit have only to deposit local currency equal to 50% of the foreign exchange required for the purchase rather than the previous 100%. The Chinese hope to reduce the import deposit requirement to 30% in the future.

Faster licensing wanted

With increasing foreign exchange reserves now totaling more than $400 million, or enough to pay for more than seven months' imports, Chinese Government officials are coming under growing pressure to institute faster and more liberal licensing procedures, for importation of capital equipment and raw materials. Dissatisfaction with the present cumbersome import rebate application procedures has also prompted some discussion of reforms in this area.

The greatest opportunities for U.S. exporters are to be found in manufacturing. Equipment and raw materials for such industries as food processing and packaging, petrochemicals, plastics, manmade and woolen textiles, electric appliances, electronic components, pulp, plywood, base metals, light machinery, and electric power offer the best sale prospects.

U.S. firms have been ready to take advantage of Taiwan's political stability, liberal foreign investment incentives, and a labor force which is adept at learning new skills and techniques.

TAIWAN'S CHIEF IMPORTS FROM U.S.: raw cotton, machinery and tools, soybeans, wheat, chemicals and pharmaceuticals, aircraft engines and parts, iron and steel scrap. **TAIWAN'S CHIEF EXPORTS TO U.S.:** plywood, textiles and clothing, sugar, canned pineapple, plastic manufactures, mushrooms, radio and TV sets.

Thailand

U.S. share of import market increasing; economy may decelerate slightly in '68

By RONALD D. FLACK
Far Eastern Division, BIC

The rapidly growing economy of Thailand is requiring increasing amounts of all types of consumer and industrial goods. Consequently, the year ahead should see a substantial rise in U.S. exports to Thailand. There are indications that the rise in import levels will be less than that of 1967. Nevertheless, U.S. businessmen can continue to look forward to increasing demand for American products in the Thai market.

The Thai economy remains strong and dynamic. Indications point to a considerable increase in the gross national product and a satisfactory, but not improved, foreign exchange picture. The government, through its Second Five-Year Economic Development Plan, is continuing its emphasis on investment in basic economic facilities and industrialization, thus creating a higher demand for U.S. products.

The gross national product grew at a rate of 8.2% in real terms in 1966 as compared to 8% in 1965, and the rate last year was probably in line with the 1966 figure. This growth rate is one of the best in Southeast Asia and is indicative of the buoyancy of the Thai economy. There are some indications, however, that the annual GNP growth target of 8.5% set by the Second Five-Year Plan may be difficult to meet in 1968. On the other hand, Thailand has had a persistent, strong growth rate for the past several years, accelerated by U.S. assistance programs and a favorable investment climate.

Taken in stride

News of the devaluation of the pound was taken in stride in Bangkok. The economy will be little affected by the devaluation. A slight readjustment of the rate of exchange of the baht, however, was announced. The buying rate was raised from 20.62 to 20.67 to the U.S. dollar. The par value of the baht remains unchanged. Although it is difficult to estimate the full effect of the devaluation on Thai foreign trade, the effect is expected to be negligible, and U.S. imports should not suffer appreciably.

Thailand's Second Five-Year Economic Development Plan for 1967-71 aims for a $6.3 billion GNP by 1971. This compares to the $4.6 billion GNP achieved in 1966. The Plan concerns itself for the most part with expenditures in the public sector. The infrastructure and industrialization projects are expected to provide excellent opportunities for the export of U.S. machinery and equipment to Thailand.

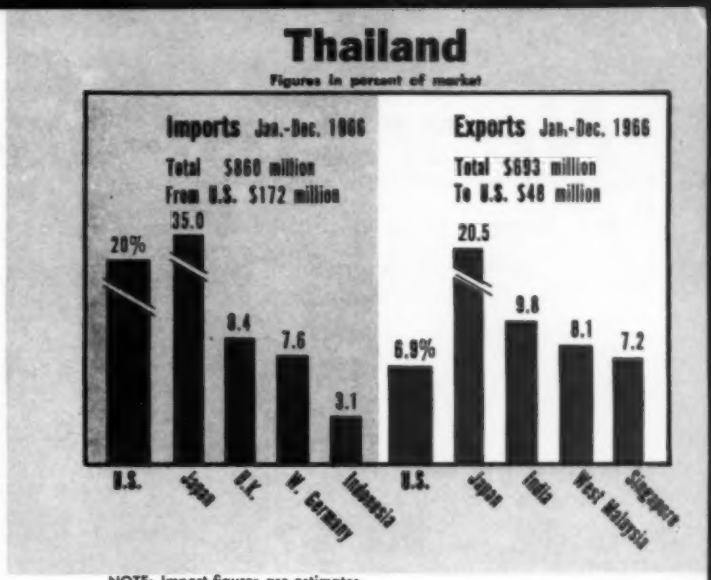
The business climate at the opening of the new year appears to be conducive to an optimistic and confident outlook. The year 1968 should be good for business. There are, however, some indications of a slight decrease in the rate of growth of the economy in 1968, as compared to 1967. The expected shortfall in the previously anticipated value of agricultural production and the consequent fall in government revenues, plus increased government spending in 1968, may create some inflationary pressures in the economy.

The consumer price index in October 1967 was 3.9% above the October 1966 figure. Consumer prices for the 12 months ending October 1967 averaged 4.4% above the levels for the 12 months ending October 1966. An increase in the price of rice since December 1966 has accounted for over half of the subsequent rise in the price index. In the past, the sound monetary and financial policies of the Thai Government have kept inflation to a minimum.

Preliminary Thai data for 1966, the latest available, indicate that imports from the United States were valued at about $172 million or 20% of the total Thai import market of $860 million. This compares to a 16% U.S. share of the Thai market in 1965. According to U.S. Census data, U.S. exports to Thailand for the first ten months of 1967 rose appreciably, amounting to $134 million (excluding special category or military shipments) as compared to $106 million for the same period of 1966. This represents an increase of 26%. U.S. industrial machinery and transportation equipment constitute the largest part of the growing U.S. exports to Thailand, an indication of industrial expansion.

The drought, the consequent decrease in agricultural production, and rubber price problems may lead to lower Thai export levels in 1968 and, hence, to a decrease in foreign exchange reserves from the $910 million level reached in September 1967. The Thai baht, however, remains a hard currency and restrictions which might hinder free transfer of funds are not foreseen.

The investment climate in Thailand continues to be agreeable to U.S. businessmen. A healthy, expanding economy and a warm official welcome in the form of incentives under the Promotion of Industrial Investment Act combine to attract foreign investors.



NOTE: Import figures are estimates.

THAILAND'S CHIEF IMPORTS FROM U.S.: machinery, transport equipment, tobacco, cotton, petroleum products, chemicals, pharmaceuticals. **THAILAND'S CHIEF EXPORTS TO U.S.:** tin, tapioca and cassava, rubber, kapok.

U.S. Trade Center shows

The schedule of the U.S. Trade Center in Bangkok for the next six months is particularly appropriate within the context of the developing Thai economy and the Second Five-Year Plan. In June, a cargo and materials handling equipment show is planned. This show should receive particular attention from U.S. traders and Thai officials because of the importance placed upon port development in the Second Five-Year Plan.

Near East-South Asia

U.S. exports to area should set record in '68, despite aftermath of war

By DAVID E. WESTLEY
Near East-South Asia Division, BIC

There was a predictable decline in U.S. sales to the Near East-South Asia area in 1967, as exports slipped approximately $50 million below the high of $2.6 billion attained in 1966.

While the United States should better the 1966 record in 1968 and maintain its position as leading or second supplier to most of the countries in the region, reduced economic aid levels and disruptions in normal trade channels resulting from the Arab-Israeli conflict and its aftermath may continue to adversely affect the outlook in some markets.

Exports to the Near East-South Asia in the first nine months of 1967 amounted to $1,942.1 million compared with $1,961.1 million in the same nine months of 1966. An increase of $108.7 million in shipments to India and Pakistan—the latter accounting for $98.7 million of the total—more than compensated for the reduction of $87.8 million in the UAR. But, even with significant increases in sales to Kuwait and Saudi Arabia, this performance fell short of balancing out the combined slippage in U.S. exports to Israel, Lebanon, Turkey, Iraq, and Jordan.

In three of the major markets in the area, India, Pakistan, and Turkey, the level of U.S. economic aid is the most important factor in our export performance. Lower levels of aid in the coming year will reduce shipments to Turkey and Pakistan, while those to India should remain close to current levels due to the large amounts of commodity aid already in the pipeline and a continuation of PL 480 foodgrain exports.

In these countries, as elsewhere, attempts are being made to maximize the trade development impact of aid financing, an effort to which U.S. suppliers can contribute by sales efforts that look forward to a fully competitive situation in which U.S.-tied procurement is not a factor.

There have been no recent commodity or other economic assistance agreements between this country and Egypt, and with the closing of the Suez Canal and a slowdown in tourism, foreign exchange is extremely tight. A further decline in our sales to the UAR may therefore be anticipated.

In Ceylon, by contrast, the commodity assistance program instituted in 1965 is affording the opportunity for an expansion of U.S. sales.

Lebanon's economy, already dragging as a result of the banking crisis which is now well on the way to being overcome, was further hit by the Mid-East war. Tourism earnings in particular, fell. Signs of an upswing in business are now apparent, and U.S. sales are expected to climb in the coming months to a 1968 total equal to or even substantially greater than the 1966 high of $83.6 million (U.S. statistics).

While U.S. sales to Israel were off somewhat in 1967, largely due to the economic recession which was not completely overcome by the war, they are expected to rebound sharply in 1968. The upsurge is anticipated as a result of additional governmental spending, in part financed by record voluntary remittances from abroad which spurted with the Arab-Israeli conflict. Economic expansion may be somewhat dampened, however, by the Israeli devaluation.

Oil finances development

Iran, Saudi Arabia and Kuwait also furnish expanding cash markets for U.S. products. All are engaged in major development programs financed with oil revenues, and U.S. sales to these three countries rose to new highs in 1967 and are expected to go still higher in 1968.

With their oil income, Kuwait and some neighboring principalities manage to have the highest per capita level of imports in the world, while continuing to show balance of payments surpluses. U.S. exports to Kuwait in the first three quarters of 1967 reached $86 million, compared with $89 million in all of 1966, and planned investments in water desalinization, petrochemicals, social infrastructure, and construction promise a continuation of this upward trend.

Markets are also opening up or expanding in the Trucial States of Dubai and Abu Dhabi, and also in Bahrain and Qatar, where recent oil discoveries give rise to development programs. Along with Saudi Arabia and Kuwait, these oil-producing states may be unique among developing countries, in the virtual absence of direct import and exchange controls.

The Arab-Irsaeli conflict continues to cast a long shadow over much of the area. The closure of the Suez Canal has meant longer shipping times and heavier transportation costs for many countries both in the area and elsewhere. Egypt has lost the substantial Suez Canal revenues, but a special annual subvention of 95 million pounds sterling from Kuwait, Saudi Arabia, and Libya is designed to offset the loss in tolls.

Tourism, ordinarily a major source of hard currency earnings for Israel, the UAR, Lebanon, and Jordan, is making some comeback, but, with the exception of Israel, is expected to remain well below prewar levels in 1968.

In Iraq, the loss in foreign exchange earnings from the partial stoppage in oil exports to the West following the war, as well as from the earlier interruptions in IPC pipeline shipments across Syria, is expected to adversely affect Iraq's overall ability to import. Iraq also has continued to maintain a partial boycott on U.S. products, with import licenses for this source apparently being issued only for spares or other essential goods unobtainable elsewhere.

Although diplomatic relations between the U.S. and a number of Arab countries still have not been restored, travel restrictions have been generally lifted, except for Syria. Travel to Syria by U.S. citizens is possible but it must be specifically authorized as being in the best interests of the U.S.

Devaluation of the British pound had a limited impact on the area. Only Ceylon, Cyprus, Israel, Nepal, and the newest state in the area, the Peoples Republic of South Yemen, followed suit, with Ceylon (20%) and Nepal (26%) devaluing more than the U.K. With the exception of Kuwait, which had large sterling holdings, no substantial losses due to the devaluation were reported, and Kuwaiti reserves appeared amply sufficient to cover the loss.

The price advantage of British suppliers may result in some lost sales for the United States throughout the area now and in the immediate future, but should be less of a factor as the months go by. U.S. suppliers are faced by keen competition on other grounds throughout the area but are expected to maintain a high share of the Near East-South Asia market.

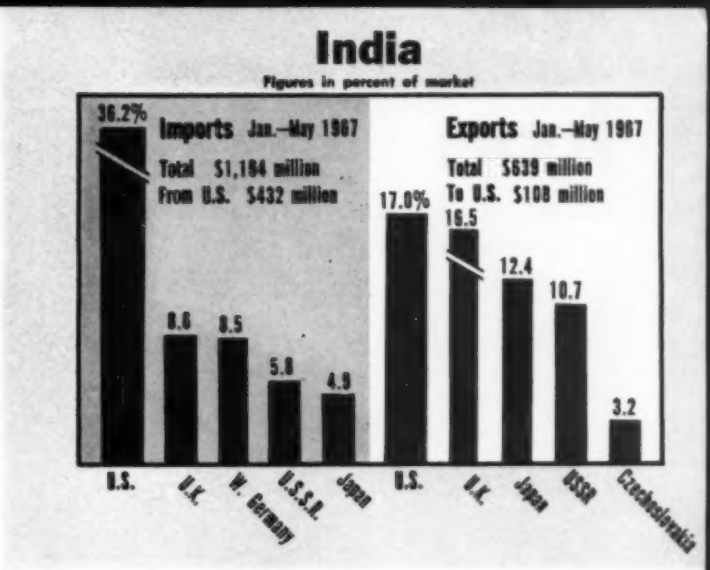
India

Record crops promise business upturn, but payments balance will curb imports

By JOE LILL
Near East-South Asia Division, BIC

There will be little change in India's import level in 1968, or in the U.S. share of the market.

After good monsoons, a record agricultural year is in prospect, giving rise to predictions of an upturn in the sluggish Indian economy. However, foreign exchange constraints will continue because of India's chronically wide trade gap, lower aid levels this year, and rising debt service obligations. This will probably check a rise in imports despite the substantial carry-over of aid funds from previous development loans.



India's Gross National Product (GNP) for the fiscal year ended March 31, 1967 is estimated at $52 billion (1965-66 prices). Per capita GNP in 1966-67 was $104, based on a population of a half billion.

Economic disruption from the 1965-67 droughts has forced postponement of the Fourth Five-Year Plan until fiscal 1969-70. The $3 billion 1967-68 plan approximately equals that of the previous year but falls $175 million short of development spending during the final year of the Third Plan, which ended March 31, 1966.

Industrial production, which fell 3.1% between April 1966 and April 1967, is expected to improve this year, but the depressed heavy industry sector will continue to feel the effects of curtailed public spending.

Rosy crop picture

Agricultural production and allied programs are receiving highest government priority. Six to seven million acres have been planted with high yielding varieties of wheat and other grains during the current winter season, compared with an estimated four million acres last season. Grain production for the agricultural year ending June 30 is predicted at 95 million tons—a 20-million-ton gain over 1966-67 harvests and six million above the previous record set in 1964-65.

However, more than seven million tons of grain must be imported in 1968 for consumption and replenishment of stocks depleted by the droughts. The United States will supply 3½ million tons under PL 480 during the first six months of the year.

The somewhat higher government procurement prices paid to farmers this year and the good crop picture mean a sharp increase in rural income. Since about 70% of the population is engaged in agriculture, and 47% of the GNP derives from that sector, greater farm purchasing power will give a decided boost to the economy. A bumper jute crop has already been harvested and excellent cotton and other cash crops are anticipated.

The wholesale price index peaked in October at 17.5% above that of a year earlier. While the index declined 5.3% in November, largely due to lower food prices, inflationary pressures are still a major concern.

India has also liberalized its policy on imports, particularly industrial raw materials, spare parts and components. As a result, these products have become an important element in U.S. sales. Looking ahead to the next six months, the most promising opportunities for sales will include foodgrains, fertilizers, chemicals, specialized metalworking and other machinery, alloy steels, and spares and components.

While Indian trade figures for Jan.-May 1967 show some overall decline in imports and a slight drop in the U.S. share from the same period in 1966, later U.S. statistics indicate that 1967 was a record year for American sales to India. The relaxed licensing regulations should enable U.S. exports to hold at about the same level in 1968. The competitive advantage enjoyed by British products from the recent U.K. devaluation will call for determined sales efforts if U.S. exporters are to maintain their market share not financed by tied aid.

In the Kennedy Round of the GATT, the United States made tariff concessions on over 75% of its trade with India, while tariffs were lowered by India from the legal rates to the effective rates on a small part of its U.S. trade. During the course of the Kennedy Round, India liberalized licensing of imports required by 75% of its industry.

While these concessions benefit both countries, there is concern and debate in India about import liberalization. Various industry spokesmen would like more protection for goods available domestically, and the Ministry of Commerce is considering reduction of import allocations for industries failing to increase export sales. Such pressures against liberalization are advanced in favor of strengthening India's foreign payments position.

With regard to foreign investments, the Indian Government is considering the establishment of a single office to expedite processing of industrial license applications for joint ventures and a revision of policy to specify more clearly the industries in which foreign investment will be authorized.

A U.S.-Indian joint venture is the beneficiary of the largest AID extended risk guaranty yet issued in any country. The $70 million plant of Coromandel Fertilizers Ltd., another U.S.-Indian venture and first privately-owned fertilizer complex in India, was inaugurated on Dec. 10 at Visakhapatnam.

CHIEF INDIAN IMPORTS FROM U.S.: foodgrains, fertilizers, power generating machinery, transportation equipment, metalworking machinery, raw cotton, lubricating oils and greases. CHIEF INDIAN EXPORTS TO U.S.: jute and cotton fabrics, cashews, tea, shrimp and prawns, sugar, gums and lac, mica.

Iran

Record oil revenues, planned projects point to rising imports in 1968

By ROGER D. SEVERANCE
Near East-South Asia Division, BIC

Stimulated by record oil revenues and development spending, Iran's imports will continue to rise in 1968. U.S. exporters should improve on their present 18.5% share of the market, but will face increasing competition from Eastern European countries and the Soviet Union.

Oil revenues, including local currency purchases by the oil companies, amounted to $406.8 million for the first six months of the current Iranian year and are expected to be in the $850 million range for 1968. Iran's $10.8 billion five-year Fourth Development Plan, scheduled to begin on March 21, calls for investment of 80% of the country's oil revenues in development projects.

U.S. exports will be aided in 1968 by increased shipments of machinery and equipment for Export-Import Bank financed projects such as Allied Chemical's $172.5 million fertilizer/sulfur complex in Khuzestan.

On the other hand, in addition to competition from Iran's traditional Western European and Japanese suppliers, competition from possible sales under bilateral trade agreements of Romanian farm tractors and plows, Czech machine tools, Hungarian, Romanian, and USSR railroad equipment, Polish road-building and metalworking equipment and USSR power generating equipment and vegetable oils will adversely affect the sales prospects of U.S. exporters of similar goods and equipment.

Rapid growth projected

For the year ending March 20, 1967 Iran's gross national product (GNP) was $6.4 billion in current prices, an increase of 8.5% from the previous year. A 9% annual rate of growth is projected by Iranian planners for the five-year period (1968-72) of the Fourth Development Plan.

Relative price stability continued during the first half of 1967, although there was some upward pressure on prices. The wholesale price index rose 0.3% during the year ending June 21, 1967 while the cost of living index rose 2.5% during the same period. The government actively seeks to maintain price stability by direct price controls and through its monetary policy.

With commerce at an all time high, businessmen are naturally optimistic. The traditional lament of Iranian businessmen, "wait until Now Ruz!" (the new year) seems to have been entirely forgotten for the present as investment, imports, and domestic sales continue at record levels.

U.S. exports to Iran for Jan.-Oct. 1967 totaled $192 million, down slightly from the $200.4 million registered for the same period in 1966. Machinery and transport equipment, particularly metalworking equipment, passenger cars and trucks, internal combustion engines, air conditioning equipment, pumps, and power generating equipment were major exports from the U.S.

Exports of capital goods and services for Iran's increasingly diversified industrial development projects will continue to offer the best prospects for U.S. businessmen, with machinery, equipment, and technical services for Iran's developing petrochemical and aluminum industries offering particularly good potential.

Sales of equipment services for the development of agriculture and water resources also afford opportunities for U.S. suppliers.

Several recent steps by the Central Bank of Iran were aimed at liberalizing foreign exchange restrictions. Iranians may now open foreign exchange accounts with local banks from funds received from abroad (except from exports) and these funds may be transferred abroad without the approval of the Central Bank. The Central Bank has also lowered its selling rate of rials for dollars by one rial, to 75.5 rials per dollar.

CHIEF IRANIAN IMPORTS FROM U.S.: motor vehicles, aircraft, pumps, construction and mining machinery. CHIEF IRANIAN EXPORTS TO U.S.: petroleum.

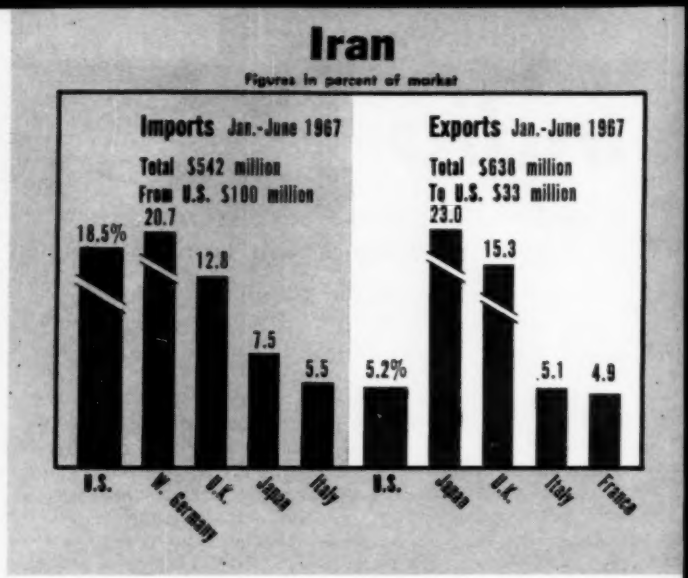
At the same time a fee of one rial per dollar was imposed on imports, payable at the time the import is registered with the Central Bank, thus cancelling the advantage of the lower selling rate for purchases of foreign exchange to pay for imports. An exception was made for imports of machinery, where advance deposit requirements were reduced by 2½ rials per dollar and the new import fee offsets only one rial of this reduction.

Foreign exchange and gold reserves have remained almost constant during the last year in spite of pressure due to the high rate of economic development. These reserves amounted to $238 million on Sept. 22, compared to $247 million on the same date in 1966. Current receipts of foreign exchange totaled $534.6 million for the period Mar. 21-Sept. 22, compared to $485.7 million for the same period in 1966.

Nov. 30 marked the official end of direct U.S. economic aid to Iran. U.S. development aid to Iran began in 1951 as the first "Point Four" program of technical assistance. Since that time U.S. economic assistance to Iran has amounted to $605 million and has helped finance many public projects, including a highway system from the Persian Gulf to the Caspian Sea, a master electrification program, water and power development, and a new port on the Persian Gulf.

AID investment guaranties and investment surveys continue to be available for Iran.

The World Bank has approved a $22 million loan for the development of water resources and agriculture in the Ghazvin plain about 90 miles west of Tehran. The loan will cover the foreign exchange costs of equipment and consultants' services.

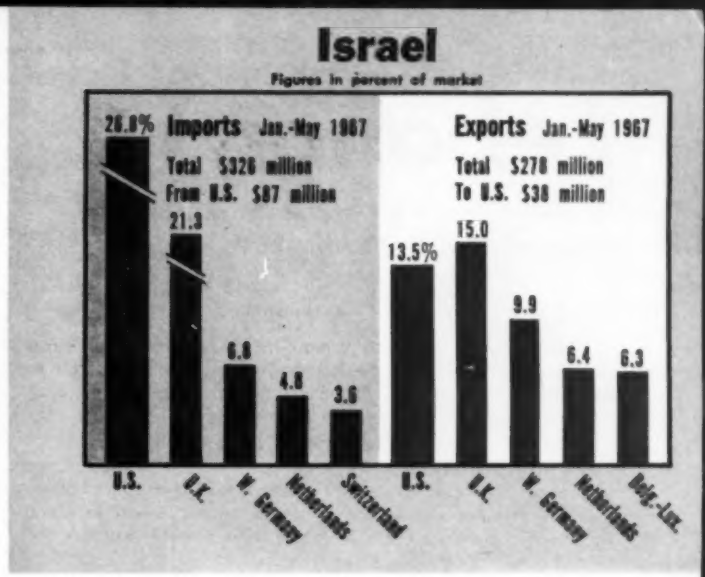


Israel

Renewed economic growth should bring higher import levels in '68

By RAYMOND S. YAUKEY

Near East-South Asia Division, BIC



The resumption of an upward trend in Israel's economic growth pattern can be expected to bring in its wake a return to a rising import trend. Declining from a peak of $815 million in 1964 to an estimated $700 million in 1967, total imports should begin to rise again in 1968.

U.S. exports to Israel should similarly increase from the estimated $200 million registered last year and $210 million in 1966, though they will probably not reach the 1965 record of $225 million. Total U.S. sales to Israel are expected to reach $220 million in 1968, reflecting a 10% increase over 1967. The increase should be reflected in rising Israeli purchases of electronic and mechanical equipment, chemicals, motor vehicles, and scientific apparatus. Ongoing exports of U.S.-financed foodgrain will continue to be a major component in the pattern of U.S. sales to Israel.

The falling level of U.S. exports to Israel during 1966 and 1967, and the anticipated return to a rising trend in 1968, are closely related to internal forces at work in the Israeli economy.

A tapering off in the rate of immigration in Israel in 1965 and 1966 led to a cutback in the demand for housing and consequent unemployment in the construction and related industries.

To adjust to this change, in 1966 the Israeli Government adopted a policy of economic restraint, characterized by reduced government spending and tighter monetary controls. The effectiveness of the restraints is reflected in a decrease in Israel's annual growth rate of real gross national product (GNP) from over 10% in 1964 to less than 2% in 1966.

Though the Middle East conflict of June 1967 has added some new uncertainties, Israel's GNP growth rate is thought to have reached bottom and begun a gradual rise in late 1967, with some help from renewed government spending designed to offset the deflationary after effects of the June conflict.

Devaluation

The U.S. share of the Israeli import market has held fairly close to 25% during recent years. Therefore, of the expected increase in imports in 1968, about 25% might reasonably be expected to accrue to U.S. exporters.

However, the devaluations of the British and Israeli pounds mean that Israeli importers now pay the same as before for purchases from the U.K., whereas purchases from the U.S. cost 16.7% more than before (formerly IL 3.00, now IL 3.50 to $1). As a result, the U.S. will undoubtedly lose some sales to its chief competitor in the Israeli import market, owing to this price advantage bestowed on U.K. suppliers.

On the other hand, the traditional Israeli preference for some types of U.S. products will not erode overnight. American brands of consumer goods and American standards of quality and durability in capital goods and equipment, have earned a preferred status in many sectors of the Israeli market.

Moreover, record dollar proceeds from U.S. remittances and Israel bond sales in the U.S. (together totaling over $600 million in 1967) serve to underscore the prominence of the U.S. as a supplier in the eyes of Israeli buyers.

Indicative of consumer preferences in this regard was the outstanding public response to the America Week show by Shalom Department Store in Tel Aviv. The program featured a large American Pavilion located in the store's main lobby, and special displays of U.S. goods throughout the store.

Active promotion of U.S. industrial goods is also planned. The U.S. will be among the estimated 50 countries to participate in the next Tel Aviv International Trade Fair (June 4-22), where exhibits by some 40 U.S. firms will feature equipment in three categories—metalworking machine tools, materials handling equipment, and food processing equipment. U.S. firms interested in participating should contact the Office of International Trade Promotion, BIC, Department of Commerce, Washington, D.C. 20230 (Tel: 202-967-5045).

ISRAEL'S CHIEF IMPORTS FROM U.S.: wheat, soybeans, telecommunications and electronic equipment, machinery, industrial chemicals, aircraft, motor vehicles and scientific apparatus. ISRAEL'S CHIEF EXPORTS TO U.S.: diamonds, cotton yarns, and clothing.

Planned expansion

Israel's current economic plans lay heavy stress on industrial growth, with emphasis on production for export. The five-year Industrial Development Plan (1967-71) calls for annual industrial production to grow from $2.2 billion, comprising 22% of GNP in 1966, to $3.6 billion, comprising 27% of GNP in 1971 (all in 1965 constant prices). Industrial exports are to rise even more rapidly, from $400 million in 1966 to $800 million in 1971.

The Plan envisages total investments in industry amounting to over $1 billion during the five-year period. Up to half of this investment is to come from foreign sources, and every effort is being made to promote this participation.

Export promotion will get added impetus from a new non-profit organization, Americans for Trade and Industrial Development with Israel (ATID). The unit will concentrate on promoting more effective production for export and U.S. marketing programs.

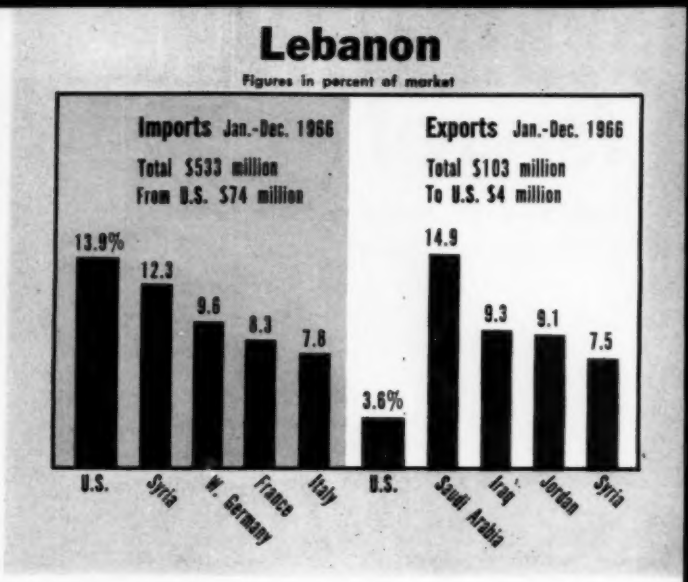
Israel is increasing its efforts to enter the world market as an industrial supplier. The growth targets it has set should pave the way for increased U.S. sales of the industrial machinery and capital equipment that will be needed in this effort.

Lebanon

Resilient economy snaps back rapidly from effects of Middle East War

By RAYMOND S. YAUKEY

Near East-South Asia Division, BIC



While recovering from the banking crisis, the Lebanese import market was hit by the adverse economic impact felt in most Near East markets in the wake of the Arab-Israeli conflict last June. With characteristic resilience, however, the economy is recovering fairly rapidly, and with some exceptions, such as tourism, it is now resuming its expanding trend.

Lebanon's role as a regional entrepot will probably undergo some adjustment, but on the whole the country's foreign trade and its imports from the U.S. in 1968 are likely to surpass the record levels of 1966.

There are indications that the slowdown which has dominated Lebanon's economy for more than a year is now easing. Credit is not as tight as it has been, industrial output and construction activity are beginning to increase again, citrus and tobacco exports are up, and oil transit income has risen to pre-June levels with the resumption of pipeline throughput to Lebanese port terminals from Iraq and Saudi Arabia.

Tourism, however, has been seriously affected by the shock of the June conflict, and convertible exchange earnings from the 1967 tourist season are estimated at only about half of 1966 earnings.

Representatives of American and other foreign firms with regional Near East headquarters in Beirut have virtually all returned, a number of them having departed for varying periods when the events of last June raised doubts about the continuing use of Beirut as a base of operations.

Intra Bank to reopen

The reopening of Intra Bank, Lebanon's largest commercial bank, will also help restore business confidence in Beirut as the traditional banking center of the Near East. An arrangement worked out in November calls for reconstitution of the bank under a reformed corporate structure, which is designed to prevent a recurrence of the liquidity crisis that shook the country's banking system to its foundation late in 1966 and put Intra out of operation for over a year.

Transit trade through the port of Beirut has increased since the Suez Canal was closed in June. Airline traffic has also increased, cargo as well as passenger. Lebanon's Middle East Airlines (MEA) has inherited part of the tourist and other traffic to Syria and Iraq which western airlines had carried before their services were disrupted; and the Lebanese all-cargo carrier, Trans Mediterranean Airlines (TMA) has been logging 75% more cargo ton-miles than before the Canal was closed.

U.S. share fluctuates

The U.S. has been Lebanon's principal western supplier in recent years, but may have slipped from that position in 1967 as a result of the disruption in trade caused by the June crisis. The U.S. share of the Lebanese import market increased gradually from 10.5% in 1963 to 13.9% in 1966, and this rising trend will probably emerge again as business conditions stabilize and the country's economic growth rate begins to climb. Lebanon's imports from Syria are roughly equal to, but non-competitive with, those from the U.S.

The recent devaluation of the pound sterling gives the U.K. an added price advantage in the Lebanese market, but this is not expected to materially affect U.S. sales. The U.K. has been supplying about 7% of the Lebanese import market, excluding sales of bank notes and gold which comprise over half of total U.K. sales to Lebanon.

Current prospects for U.S. sales to Lebanon are most promising in the categories of electronic equipment, machinery, automotive components and spares, chemicals, aircraft and spares, and household appliances. In addition, sales of U.S. wheat will rise markedly in 1968 with shipments financed by Commodity Credit Corp. (CCC) credits extended in 1967.

The chances for U.S. aircraft sales to MEA were improved by the reopening of Intra Bank, which is a majority shareholder in MEA. The recent reconstitution of the bank will help reestablish MEA's credit-worthiness, and possibly revive aircraft procurement negotiations that were interrupted by Intra's closure.

CHIEF LEBANESE IMPORTS FROM U.S.: wheat, electrical and mechanical equipment, household appliances, pharmaceuticals, motor vehicles, aircraft and parts. CHIEF LEBANESE EXPORTS TO U.S.: tobacco, sheep and lamb skins, wool.

Investment promotion

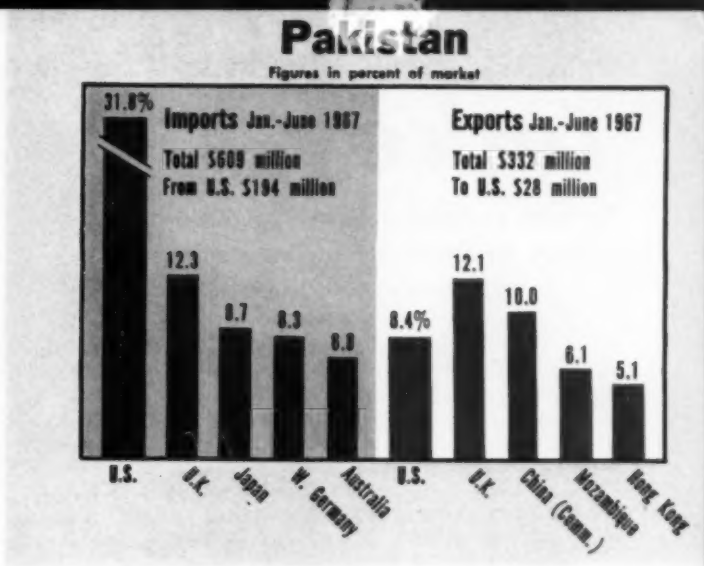
American and other private foreign investment in Lebanon is being actively promoted. A Lebanese law enacted in 1967 to spur industrial investment offers tax advantages to foreign as well as local investors. In addition, a proposal currently being studied by Lebanese authorities would create industrial Free Zones, where customs exemption and other incentives would be offered to foreign investors to participate in establishing industrial facilities to serve Near East markets.

The Lebanese Government's budget for 1968 calls for expenditures of $288 million, about the same as 1967, and calls for some public borrowing, from both domestic and foreign sources, to cover the anticipated deficit. Despite increased allocations for defense, plans for 1968 include a number of development projects now being readied for execution in the fields of expanded seaport and airport facilities, new wheat storage capacity, highway and housing construction, and a new telecommunications cable link with Europe.

Pakistan

Demand for imported industrial goods should continue at high level in '68

By JOSEPH C. WILSON
Near East-South Asia Division, BIC



Pakistan's demand for imported industrial goods should continue at a high level during 1968, while its agricultural purchases abroad should decline as a result of improved production at home. The U.S. share of a total expected import bill of approximately $1 billion is estimated at 30% in 1968.

Partially offsetting the improved agricultural outlook and indicating a continuing imbalance in the country's international payments position is the fact that export sales have not lived up to earlier expectations. Projections based on available statistics show that total export earnings for 1967 may be less than the year before. Some loss of earnings from jute sales to the United Kingdom will result from the recent devaluation of sterling. Jute is Pakistan's number one export earner and the U.K. is its principal customer.

Foreign exchange resources accruing from sources other than exports may also be smaller in 1968.

The 1966 Gross National Product (GNP) reached a high of $12.6 billion in current prices. This was an average annual growth of 5% over the first two years of the current Plan (Third Five-Year Plan 1965-70), still substantially below the Plan's annual target rate of 6.5%.

Flexible plans

Pakistan's economic planners are following up a 1967 revision of the Third Plan in an effort to add greater flexibility and efficiency in implementation. They are revising the Industrial Investment Schedule, the blueprint for industrial development, to focus on priorities to be given to industries in the public and private sectors. Emphasis continues to be placed on agriculture, its supporting industries, on industries based on local materials, or on production for export.

U.S. products are well known and generally well received in this market, although frequently considered as too expensive. This generalized impression of high prices is due, in part, to the fact that Pakistan has imported some U.S. commodities through the Agency for International Development (AID) program with little regard for cost. In addition, the importer is unusually price conscious because of the scarcity of foreign exchange.

Particularly aggressive and imaginative sales efforts are made by the British, who benefit from long-standing commercial ties and the more recent price advantage resulting from the devaluation of sterling. There is also strong competition from the Germans and the Japanese, whose sales techniques reportedly include excellent credit terms, comprehensive engineering assistance, and service.

The business community currently appears somewhat pessimistic. Prominently mentioned among difficulties plaguing present operations and the outlook for the immediate future are a restrictive import policy, a tight money and credit situation, and a rising cost of living.

In addition, businessmen are apprehensive of a trend toward direct government participation in business which they profess to see in the establishment of a state trading corporation. The role of the Trading Corporation of Pakistan (TCP), as announced by the government, is primarily one of handling trade with the socialist countries of Eastern Europe and China. It may also deal in some bulk commodity trade with Western nations.

The United States continues to be Pakistan's principal trading partner, followed by the U.K., Germany, and Japan, in that order. During Jan.-June 1967, our share of Pakistan's import market was 32%, down slightly from 34% for the entire year 1966. The best opportunities for U.S. exports in 1968 appear to be in transport and earthmoving equipment, machinery (including electrical), irrigation equipment, food processing machinery, chemicals and fertilizers, farm machinery, machine shop equipment, and power tools.

CHIEF PAKISTAN IMPORTS FROM U.S.: foodgrains, transport equipment, machinery, electrical equipment, iron and steel products, fertilizers, vegetable oils and fats. **CHIEF PAKISTAN EXPORTS TO U.S.:** jute and cotton textile, raw jute, shellfish, wool, leather goods, hides and skins, clothing.

New policy

A substantial drop in the level of foreign exchange reserves occurred during the latter part of 1966. The tight situation continued throughout 1967 and disposable reserves currently are sufficient to cover approximately a six-week import bill. The situation forced Pakistan temporarily to abandon its efforts to liberalize its import policy and a restrictive six-month policy was adopted for the period July-Dec. 1967.

The nature of the policy for 1968, due to be announced this month, will depend upon government estimates of foreign exchange income for the year.

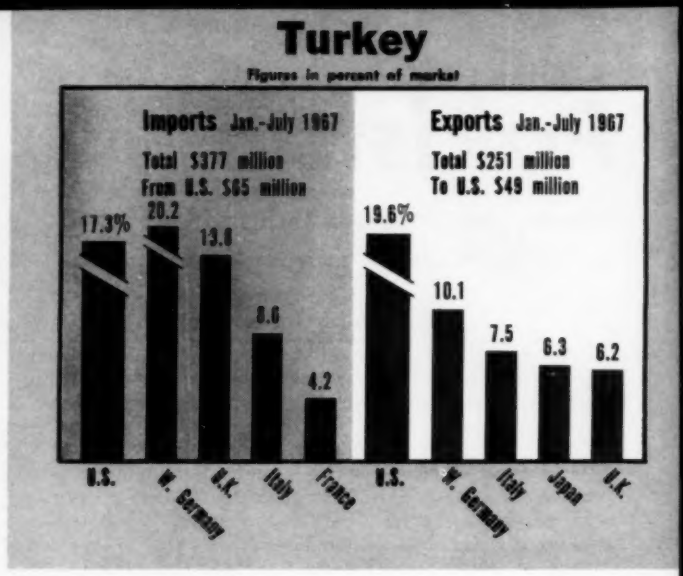
Although Pakistan's shortage of foreign exchange poses certain limitations for expanded sales of U.S. goods, the country has some interesting prospects now and promising potential as a long-range market.

To encourage trade, a U.S. Trade and Investment Mission will visit Pakistan in February. Although alert to all opportunities to expand trade, the Mission members will be particularly well qualified to assess prospects for U.S. business in the fields of agricultural machinery, food processing, metalworking machinery, industrial and agricultural chemicals, and industrial engineering (INTERNATIONAL COMMERCE, Sept. 11 and Oct. 23, 1967.).

Turkey

Foreign exchange earnings remain static, reduce chances for increased imports

By ROGER D. SEVERANCE
Near East-South Asia Division, BIC



The Turkish economy continues to expand at a healthy pace, but the outlook for increased imports is dimmed by a squeeze on foreign exchange.

Agriculture and industry, which account for almost half of the Turkish GNP, are expected to continue to grow rapidly during 1968. Foreign exchange earnings will probably remain static, however, with export receipts, remittances from Turkish citizens working abroad, and tourism revenue registering close to 1967 levels. External assistance in the form of loans from the member countries of the OECD Consortium for lending to Turkey is likely to decline.

Real GNP, up 9.4% to $7.4 billion during 1966, was expected to rise 7-8% in 1967. Production rates for basic industries showed a steady rise during the first half of 1967 as output of iron ore increased 17%; blister copper, 9%; steel, 18%; and crude oil, 30%. Comparable increases in the manufacture of consumer goods also occurred.

Preliminary reports estimated at a 4-5% expansion in agricultural production in 1967 are based on a record cereals harvest of 10% more than in 1966, due to unusually favorable growing conditions last spring. Production of industrial crops—tobacco, cotton, and sugar beets—was expected to be up 3-4% during 1967.

Both wholesale and retail prices rose during 1967. By September the wholesale price index had risen 5.8% from the same month in the preceding year while the Ankara cost of living index was up 6%. In Istanbul the cost of living index rose sharply—15.2% for the year ending in September.

Investment increasing

Although currently hampered by a credit squeeze induced by governmental anti-inflationary measures, Turkish businessmen have become increasingly investment-minded. In two years (1964 to 1966) outstanding industrial credits increased 68%, while loan applications to the Industrial Development Bank, Turkey's primary domestic source of industrial credit, rose 80%. Even imports of machinery, held down by shortages of foreign exchange, climbed 28% in these two years.

While Turkey is likely to have a balance-of-payments deficit for the foreseeable future, the long-term outlook is for a gradual lessening of the magnitude of the deficit. Exports, which have increased 50% since 1960, should continue to advance while exchange earnings from tourism are also expected to climb.

Imports drop

Turkish statistics for the first eight months of 1967 show a decline in total imports, as well as a drop in the U.S. share of the market, compared to the same period in 1966. For the period Jan.-Aug. 1967 total imports were $442.9 million, down from $477 million for the same period in 1966. For the same two periods imports from the U.S. declined to $77.6 million from $122.4 million, as the U.S. share of the market dropped from 25.7 to 17.5%.

West Germany, followed by Great Britain, was the chief beneficiary of the decrease in U.S. sales to Turkey, which was partly due to the absence of sales to Turkey under PL-480.

While the outlook for U.S. exports to Turkey in 1968 depends largely on the amount of AID assistance, prospects are good for increasing U.S. exports in certain areas.

The current emphasis on the expansion of Turkish agricultural sales as a foreign exchange earner opens up possibilities for sales of agricultural equipment. Additionally, equipment for processing, storing, handling, and transporting agricultural products, particularly fresh and frozen fruits and vegetables destined for the European market, offers excellent sales opportunities.

There is potential for sale of equipment in the tourism industry as Turkey continues to build hotels, motels, and other facilities to increase this source of foreign exchange.

CHIEF TURKISH IMPORTS FROM U.S.: wheat, motor vehicles and tractor parts, lubricating oil, animal oil, internal combustion engines. CHIEF TURKISH EXPORTS TO U.S.: tobacco.

Incentives offered

In a major action affecting potential foreign investors, the Turkish Parliament recently approved a Plan Implementation Law. The law gives the Council of Ministers wide powers to promote investment, encourage exports, and institute reforms of the investment approval procedure. Tax rebates of up to 80% for approved investment and duty drawbacks on imports which are exported after processing in Turkey are authorized by the new law. In addition, foreign investment proposals are now to be reviewed by the State Planning Office of the Prime Ministry rather than by representatives of several ministries.

The annual Izmir International Fair is scheduled for Aug. 20-Sept. 20 and U.S. firms interested in participating should not delay in contacting the Office of International Trade Promotion, BIC, Department of Commerce, Washington, D.C. 20230 (Telephone: 202-967-5136). Last year 150 U.S. firms participated in this Fair.

In August Turkey received delivery of the first of two DC-9 jet aircraft ordered with financing arranged through the Export-Import Bank. When the DC-9's are placed in domestic service, flying time between Istanbul and Ankara will be cut to 35 minutes.

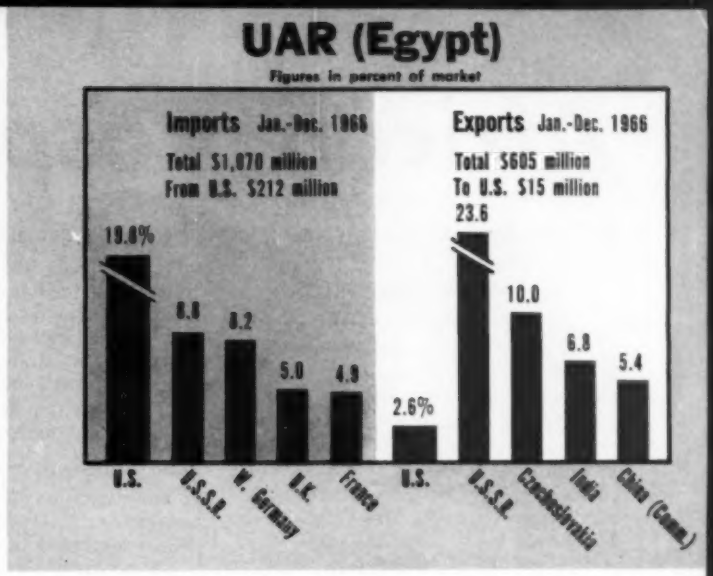
Ground has been broken for Turkey's fourth petroleum refinery to be located at Izmir.

UAR (Egypt)

Market is basically promising, but immediate U.S. prospects are poor

By DAVID E. WESTLEY

Near East-South Asia Division, BIC



The United Arab Republic, which was already suffering from a severe shortage of foreign exchange before June, faces a period of uncertainty and economic belt-tightening in the wake of the Mid-East War.

Although basically the UAR market is promising, the immediate outlook for U.S. sales is poor. Best prospects in addition to essential machinery and spares and replacements for machinery and equipment in operation in the UAR, are necessities such as chemical fertilizers, fungicides and insecticides, and certain transportation and oil field equipment.

The United States, which held on to its position as the UAR's principal supplier throughout 1966, lost this role in 1967 as PL 480 and CCC food shipments ended, and the UAR has been relying even more heavily on bilateral payments agreements, mostly with the USSR and other Eastern European countries.

U.S. exports to the UAR in the first nine months of 1967 amounted to $60.0 million, compared with $148.4 million for the same nine months a year earlier. Our imports, never very large, also diminished from $15.2 million in Jan.-Sept. 1966 to $12 million in the corresponding 1967 period.

If enacted, proposed U.S. legislation to bar long-staple cotton imports from the UAR could shrink drastically future U.S. imports from Egypt. There are no general restrictions on U.S./UAR business dealing by either side; however, while restrictions on travel by U.S. citizens to the UAR have been lifted, diplomatic relations have not yet been restored between the U.S. and the UAR. U.S. affairs in Egypt are being handled by the U.S.-staffed American Interests Section of the Embassy of Spain in Cairo.

Two of the UAR's main sources of foreign exchange—the Suez Canal and tourism—were interrupted by the outbreak of hostilities. Canal tolls, which amounted to $219 million in 1966, had brought in less than half of this amount before the war and blockage of the waterway cut off this revenue indefinitely. Tourism, now beginning slowly to revive, currently is earning only a fraction of the $40-50 million in hard currency it accounted for in 1966.

At the Arab Summit Meeting held at Khartoum, the countries of Libya, Kuwait, and Saudi Arabia agreed to assist the UAR to make up for its lost canal revenues at a rate of 95 million pounds sterling annually, a figure that reportedly will be adjusted upwards to maintain its equivalent, predevaluation value of $266 million. Such a contribution does not cover, however, the loss in employment and other economic activity formerly engendered by the Canal.

The UAR Planning Ministry has begun work on a Third Economic and Social Development Plan spanning the years 1970-75. Reportedly, the new plan will emphasize the industrial sector. The country's Second Five Year Plan (1965-70), before being put into effect, was revised and stretched out to cover two additional years in order to reduce the annual level of investment required. Within the framework of this Seven Year Plan, resources then were allocated to certain high priority projects despite losses stemming from the conflict with Israel.

Government measures

In addition to the reallocation of its planned activities the UAR Government has taken a number of immediate steps since the war to put its financial house in order, both internally and externally, including efforts to fund its short term debt repayments. Austerity measures instituted by the Government have included a reduction in certain expense allowances, cancellation of workers' profit sharing bonuses, increases in rates of compulsory savings, and higher income taxes. These measures, together with governmental economies and certain other steps, are in response to economic needs as well as an effort to improve credit worthiness.

CHIEF UAR IMPORTS FROM U.S.: insecticides and fungicides, chemical fertilizers, wheat, edible oils, machinery, transport equipment. CHIEF UAR EXPORTS TO U.S.: raw cotton and cotton fabrics, crude petroleum.

At the outbreak of the Arab-Israeli conflict, the UAR appeared on the verge of joining the ranks of fairly important oil producers—with concomitant economic growth and market expansion. Substantial oil discoveries were made in the Gulf of Suez by Pan American Oil, and in the Western Desert by Phillips. Their obvious value to the UAR was seen in the fact that the operations of these American companies were scarcely interrupted by the war, in spite of the break in relations with the U.S. Government.

Since the war, with the UAR's Sinai oil fields being occupied and operated by Israel, the major El Morgan field, operated by Pan American Oil with the Egyptian Petroleum Co., has been supplying most of the UAR's petroleum requirements. Following the closing of the Canal, the output of the El Morgan field went to the UAR refineries in the Suez area. After these were put out of commission by Israeli gunfire in October, an arrangement was concluded with the British Petroleum Co. to process crude for UAR internal use at the British Petroleum refinery at Aden, pending resumption of processing in Egypt.

Substantial as the proven and potential value of the Pan American strikes are, as great or greater hopes are being pinned on strikes in the Western Desert by Phillips near historic El Alamein and by Pan American near the Qattara Depression. In addition, large natural gas deposits reportedly have been found in the northern part of the delta.

African prospects improve

U.S. trade continues strong despite depressed conditions in some key markets

By BARBARA HUDDLESTON
Africa Division, BIC

U.S. sales to Africa during the period 1960-66 showed an exceptionally high growth rate—11.7% annually. Although 1967 figures indicate a leveling off, with total exports likely to be about $1,066 million, a gain of almost 4% is anticipated in 1968. This gain, if realized, will push total exports to Africa up to about $1,150 million.

The gently rising level of GNP in Africa as economic development plans and projects are effected, coupled with continued expansion of U.S. investment interest in a number of African countries, account for the expected capacity of the United States to achieve small but steady increments in annual sales to Africa over the next few years.

Competition keen

Depressed conditions in key African markets limited the growth of total import demand and thus of U.S. exports in 1967; however, as a result of anticipated improvement in the commercial climate, U.S. sales to Nigeria, Libya, and Ghana should recover their previously high levels during 1968.

Several African countries will probably face increased balance of payments difficulties in 1968, due partly to continued weakness in the prices of certain important export commodities, partly to the increased burden of servicing foreign debt-loads contracted during the past few years, and partly to domestic inflation which has in some cases accompanied rapid economic growth.

Despite a possible reduction in the total level of U.S. aid to Africa, financial assistance to the economies of certain countries such as the Congo (Kinshasa), East Africa, Ethiopia, Ghana, Liberia, Morocco, Nigeria, and Tunisia should partially fill dollar exchange needs. The tight balance of payments situation prevailing in most African countries does mean, however, that governments and firms will both be seeking the most inexpensive goods available of a quality adequate to meet their performance standards. European, Japanese, and British exporters are actively seeking to develop their markets in Africa, and the devaluation of the pound sterling will give an added advantage to capital goods produced in the United Kingdom.

U.S. equipment continues to be very favorably accepted by buyers in Africa, however, and strengthened sales efforts should give the United States the competitive vigor required to retain its share of the African market.

U.S. presence grows

The expansion of the American commercial and investment presence in Africa continued in 1967, despite troublesome factors in some areas.

New export-generating investments were made by U.S. firms in a number of African countries, including Angola, Cameroon, Ethiopia, Ghana, Liberia, and Libya, and more are planned for 1968. The continued growth of American business communities during recent years in key African cities should put the United States in a better position to counter effectively the increasingly vigorous competitive efforts of European, British, and Japanese firms.

Loans and grants to Africa funded by the U.S. Agency for International Development increased from $169.5 million in fiscal year '66 to $203 million in FY '67. Although total aid will probably drop back in FY '68, key programs are expected to continue at current levels.

Other forms of assistance include sales of agricultural products according to the provisions of Public Law 480 and extension of credit for commercial transactions in Africa by the Export-Import Bank. The dollar value of these two programs came to $141.8 million and $44.3 million respectively in FY '66. Both programs are expected to continue at these or higher levels through 1968.

U.S. market share increases

Since 1966, African demand for U.S. goods has steadied at about $1.1 billion per year, or approximately 11% of the continent's total imports. This represents a considerable increase over 1961, when U.S. exports to Africa amounted to $668 million, or 9% of the market. Intensified trade promotion efforts carried on cooperatively by business and government have played an important part in bringing about this increase.

To maintain and enlarge the high volume of sales achieved to date, promotional activities must be continued and strengthened. As part of its program for Africa in 1968, the U.S. Department of Commerce plans to participate jointly with industry in an international trade fair in Libya and to send a Trade and Investment Mission to the Ivory Coast and Cameroon. Display facilities of various types are available in Nairobi, Addis Ababa, and the Congo (Kinshasa), and U.S. Embassy staffs include Commercial Attaches in nine major African countries. Other programs are also being considered for 1968, and it is hoped that expanded private promotional activities will continue to supplement government efforts.

Varied U.S. exports

The industrial needs of developing Africa are potentially the most important element in demand for U.S. goods. Major U.S. exports for industrial use include agricultural machinery and tractors; chemical elements and compounds; construction and mining machinery; electrical machinery, apparatus, and appliances; iron and steel mill products; metal manufactures; paper and paper manufactures; and power-generating machinery.

Africa also spends significant amounts on aircraft and automotive vehicles from the United States. Important consumer goods purchases include grains and cereal preparations, tobacco and cigarettes, and textiles.

African economy sound

Despite a persistent downward trend in prices for certain key export commodities such as coffee, cotton, rubber, sisal, sugar and wool, the increasing volume of commodity exports from most countries of Africa has been more than sufficient to offset weak prices for certain items, and export earnings have been increasing at quite rapid rates in some cases.

The value of African exports to the United States increased from $860.6 million in 1965 to $957.8 million in 1966, but will probably decline in 1967. Low coffee prices and the temporary drop in petroleum exports from Nigeria and Libya largely account for this decline. Other major U.S. commodity imports from Africa include cocoa, diamonds, foodstuffs, copper, and manganese. Prices for these items are generally strong, although copper experienced a temporary decline in 1967.

Congo

Monetary reform stimulates exports; expanding import market foreseen

By DOUGLAS F. CARROLL
Africa Division, BIC

The Congo's potentially rich economy may soon begin an accelerated development that could mean expanding markets for U.S. exports. Congolese imports were limited in the last half of 1967 by the import-dampening effect of the Congo's devaluation last June, but demand is now picking up, and the United States should maintain a market share in the range of 20-25% this year.

The mercenary rebellion which erupted in July threatened to abort the June 24 monetary reform and economic stabilization program until Congolese army troops drove the rebels from the country in November.

The stabilization program was not significantly affected by the rebellion and continues to perform satisfactorily, with all key economic indicators remaining within guidelines established by International Monetary Fund and Congolese experts.

Devaluation of the Congolese franc has considerably improved the Congo's terms of trade and alleviated the severe balance-of-payments difficulties that plagued the economy since independence. The import quota system has been completely abolished, but the higher local exchange cost of imported goods may hold imports to a narrow overall increase over 1967.

U.S. exports should not feel the full impact of the squeeze because a sizable, though declining, percentage of our shipments to the Congo is financed through the aid program and because the United States has traditionally supplied many goods required by local industry.

GNP may hit new high

The stabilization program will require some belt-tightening on the part of the Congolese this year but hopefully will permit real gross national product (GNP) in 1969 to pass the 1958 level of $1.26 billion for the first time since independence. GNP in 1958 prices has in recent years remained between $1.1 billion and $1.2 billion, while declining on a per-capita basis to $73 in 1966.

The Congo's most recent trade figures indicate that imports for the first quarter of 1967 were down 3.2% from the same period in 1966; the full year total for 1967 was probably somewhat less than the 1966 and 1965 levels of $336 million and $320 million, respectively.

The U.S. share of the Congolese import market was 22% in the first three months of 1967 and in full-year 1966, down from 24% in 1965. U.S. data show exports to the Congo of $71.3 million in 1965, $59.5 million in 1966, and $44.1 million in the first ten months of 1967. Only Belgium, with a one-third share of the market in 1966, outranks the United States as a supplier of the Congolese market.

Export receipts in the first three months of 1967 were down 57% from the comparable period in 1966 because of the temporary curtailment in copper shipments associated with the nationalization of Union Miniere du Haut Katanga at the close of 1966, but copper stockpiled during that period will show up in later figures. Export receipts of over $400 million were probably realized during full-year 1967.

High copper prices and moderate gains in the agricultural export area pushed export earnings from $336 million in 1965 to $467 million in 1966. Exports to the U.S. rose from $40.9 million in 1965 to $44.7 million in 1966.

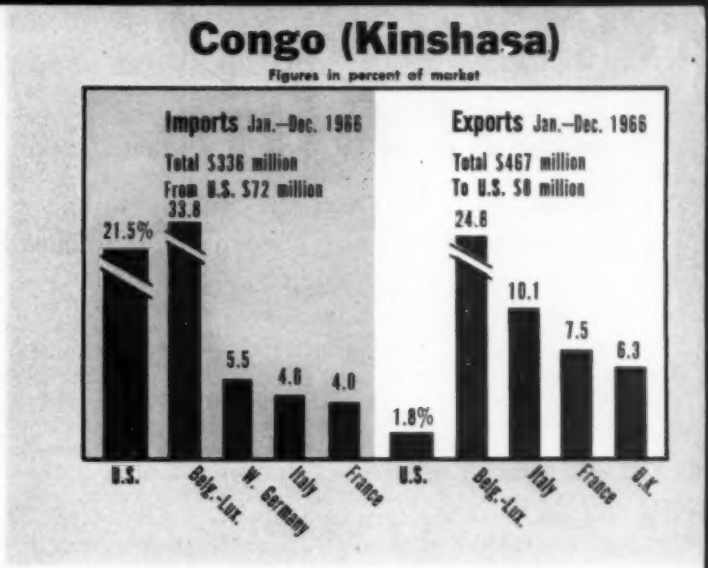
According to U.S. data, this country imported $30.2 million worth of goods from the Congo during the first ten months of 1967, compared with $44.9 million for all of 1966 and $38.3 million in 1965.

U.S. products are popular in the Congo and are subject to the same customs treatment as goods from other countries under the Congo's non-preferential tariff schedule. Demand should be particularly strong this year for tractors, mining equipment, machine tools, food preparation equipment, transport equipment, office machines, electrical goods, construction material and equipment, seeds, foodstuffs, and inexpensive consumer goods.

The demand for these and other U.S. products has been largely developed by shipments financed under the U.S. aid program. During the present fiscal year, the U.S. Government is supporting the Congo's self-help stabilization measures with supplies of wheat flour, cotton, tobacco, trucks and spare parts, tires and tubes, industrial machinery, industrial chemicals, and textile yarns and fibers.

Maintenance and further expansion of the U.S. share in the Congolese market will require application of proper promotional techniques and provision of adequate installation and service facilities. Complaints have been received from the Congo of inattention of American manufacturers to their Congolese customers and immobilization of considerable amounts of capital because of the necessity to maintain large spare parts inventories. U.S. exports to the Congo could be increased considerably were more attention given to the needs of Congolese purchasers through frequent visits from representatives of American firms doing business there.

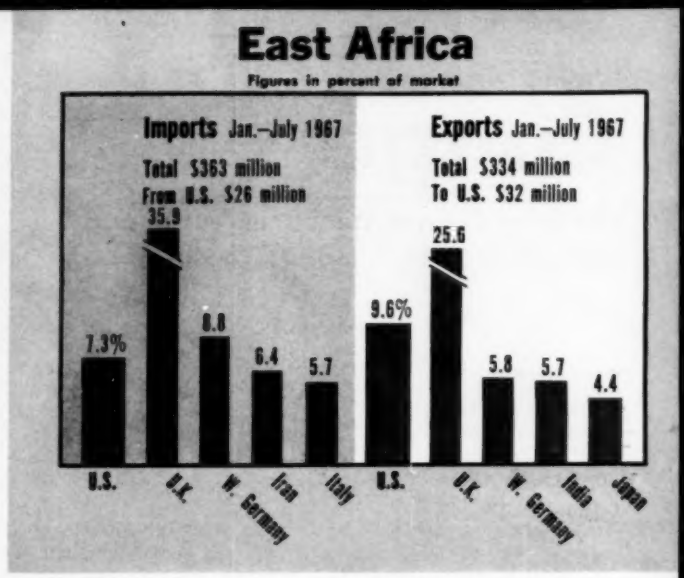
CHIEF CONGO IMPORTS FROM U.S.: wheat flour, tobacco, cotton, rice, passenger cars and trucks, motor vehicle and tractor parts and accessories, medicinal and pharmaceutical products. **CHIEF CONGO EXPORTS TO U.S.:** Manganese ores and concentrates, industrial diamonds, rubber, palm kernel oil, copper, coffee, wood veneers.



East Africa

Kenya, Tanzania, Uganda market links strengthened by treaty, prospects enhanced

By MAUREEN R. SMITH
Africa Division, BIC



Buoyed by the prospect of accelerated regional growth following the recent inauguration of the East African Community, purchases by the three member-countries on world markets during 1968 are expected to exceed 1967 levels by at least 5%. While the newly-enhanced price competitiveness of British goods may lead to U.S. losses in some categories, the countervailing influence of the Suez Canal closure and the generally high esteem accorded U.S. technology should serve to maintain our present 7.3% market share.

Dismantling of intraterritorial quota restrictions will assure freer access to the regional common market, while disbursements of the new East African Development Bank favoring Tanzania and Uganda should spur the rate of industrialization in these countries.

The loss of reserves following the British devaluation, which most seriously affected Kenya, may necessitate closer scrutiny of non-essential foreign spending, but the common decision to maintain the valuation of East African currencies indicates the determination of Kenya, Tanzania, and Uganda to follow a cooperative path toward economic development.

Continuation of the U.S. aid program in East Africa on a development-emphasis basis also will open the way for introducing U.S. products and expanding U.S. sales of program-associated commodities, valued at nearly $14.1 million in 1966.

In **Kenya,** the continued success of domestic grain programs should keep U.S. cereal exports at present low levels, and the establishment of a national paper plant during 1968 will cut into U.S. sales of paper and paperboard products. This loss, however, could be more than offset by successful U.S. bidding on transport equipment tenders and by U.S. supplies to fuel a local construction boom.

Although **Tanzanian** trade volumes have recovered now from the effects of a general decline in economic activity following last February's nationalizations, sizable economic problems, including depressed world prices for sisal exports, will probably allow only modest expansion of imports in 1968.

The official policy of economic self-reliance notwithstanding, the maintenance and expansion of domestic industry should sustain equipment imports at current levels. Implementation of two U.S. investment proposals—a tire plant and a hotel—should also boost American sales.

Ugandan foreign exchange stringencies will require stricter enforcement of import controls and some official restraints on the expansion of aggregate imports during the coming months.

Leading U.S. exports, principally capital goods and transport equipment associated with industrialization and economic development, should not be seriously affected. Improvement in Uganda's political climate following adoption of a new constitution and the higher rate of investment required by the Second Five-Year Development Plan should maintain demand for imported industrial equipment and supplies.

Industrial pace quickens

The growth of East African imports will, of course, be determined by the pace of gross regional product, which has been rising in current terms at the impressive average of 7% annually and probably exceeded $2.75 billion in 1967.

Despite the heavy reliance on uncertain prices for and levels of agricultural output, ambitious but realistic development plans in all three countries foresee a steady growth rate in excess of 6%, continuing into the 1970's, with manufacturing expansion in some instances exceeding 12%.

Some indication of future trends is given by East African data: during the first seven months of 1967 imports rose 11.8% bringing foreign purchases to a new high of $362.5 million. Over the period, however, disappointing export performance, due in part to closure of the Suez outlet and to weak world prices, reduced receipts to $319.2 million; receipts probably will improve during 1968, however.

Leading the Jan.-July import advance last year was a 37.6% boost in British sales, thus increasing the U.K. market share to 36%. Less spectacular gains made by West German suppliers nevertheless enabled that country to displace the United States as East Africa's second-ranking supplier.

The principal factor contributing to the U.S. decline was termination of emergency cereal shipments, which reduced U.S. sales through October to $29 million, according to U.S. Census Bureau data.

Countering this trend were noteworthy gains in dairy products, specialized machinery and transport equipment, which should continue this year.

Prospects are also favorable for U.S. sales of specialized textile products, footwear, clothing, leather goods, wood products, certain chemical and pharmaceutical products, building materials and accessories, hand tools, agricultural equipment, fertilizers, and plastic and rubber products.

CHIEF EAST AFRICAN IMPORTS FROM U.S.: machinery and transport equipment, cereals and cereal preparations, other foodstuffs, paper and paperboard manufactures, chemical products, elements and compounds, medical and pharmaceutical products, fats and oils, textile fibers and wastes. CHIEF EAST AFRICAN EXPORTS TO U.S.: coffee, copper, spices, tea, raw sisal and cordage, cocoa beans, hides and skins.

Ethiopia

Steady growth in industry points toward higher import volumes

By MAUREEN R. SMITH
Africa Division, BIC

Planned diversification of the industrial base and a steady rate of economic growth point toward higher Ethiopian import volumes in 1968. Although fluctuating foreign earnings and difficulties associated with closure of the Suez Canal may require some restraint on imports, U.S. exports, bolstered from a solid foundation of aid-financed procurement and deliveries of previously-purchased aircraft, should reach record levels in this ancient land with a growing propensity for 20th-century imports.

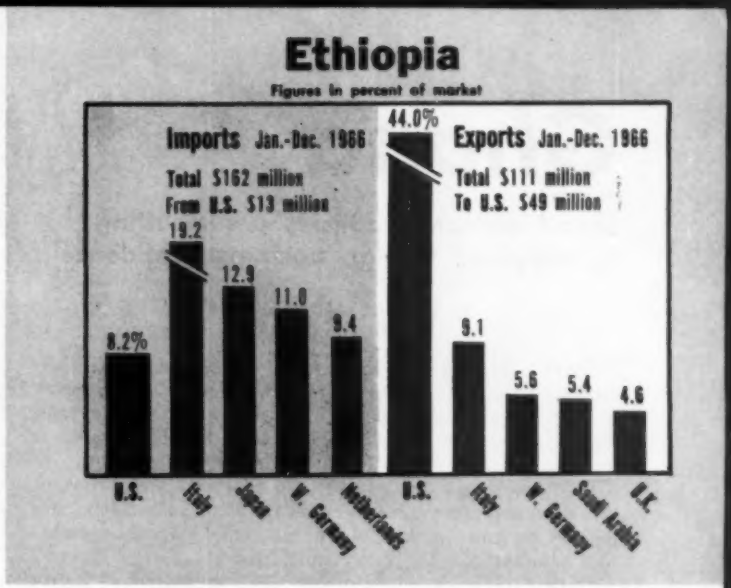
Initiation of Ethiopia's third Five-Year Plan later this year will undoubtedly boost imports of a wide range of capital goods and industrial supplies. The accelerating rate of industrialization, already reflected in localized building booms, will soon mean import orders for building materials and supplies as well. Also, the continuing emphasis on development of basic economic facilities will create new opportunities for sales of road building and telecommunications equipment, electrical generating machinery and harbor and airport supplies.

Revision of Ethiopia's tax system as a prelude to a general reform of landholding relations in the Empire should foster new levels of investment in agricultural enterprises and create new areas of demand for U.S. agricultural machinery, fertilizers and equipment, which are known for their quality and advanced technology.

Finally, a growing number of international organizations headquartered in Addis Ababa indicates continued heavy demand for imported computers and other professional and scientific equipment.

Industrial output increases

Continuation of the present 4.7% rate of growth will probably push gross national product in current price over $1.4 billion this year. Although import purchases will probably rise at somewhat the same rate, the disproportionate—64%—contribution of the subsistence area to national output invalidates any direct correlation. More relevant to the future growth of import demand is the rapid pace of the industrial area, which increased output by over 13% in 1966. Led by sales of the new Soviet-built refinery and the expanded output of existing enterprises, still-higher 1967 earnings will soon be translated into import orders.



These increasing local evidences of the fruits of economic development, a stable political environment conducive to private enterprise, and continuing conservative monetary and fiscal policies, should sustain the present high level of business confidence and gross capital formation. The latter currently averages 11.8% of GNP and probably will exceed 13% this year, as local producers of textiles, sugar, and electric power expand their facilities.

Import buying slows

Reflecting the mixed trade forecast, Ethiopian customs data indicate that total imports during the first six months of 1967 have fallen to $72 million, some 3.7% below the comparable 1966 figure. Running counter to the aggregate trend, Italian sales rose by 10% and enabled that country to hold its lead in the market, followed by Japan and West Germany.

Termination of Public Law 480 cereal and cotton shipments cut U.S. sales over the period to $7 million, but in effect it allowed the United States to move up to fourth rank. A successful domestic grains management program will probably eliminate the necessity for future emergency cereal shipments, but the drop in cotton purchases resulted chiefly from administrative delays and should soon be reversed. Based on the growing demand of local mills for U.S.-type cotton, 1968 sales should exceed former levels.

U.S. Census Bureau data show ten-month 1967 U.S. sales to Ethiopia valued at $19 million, with exports of chemical products, textile yarns, copper and metal structures predominating.

CHIEF ETHIOPIAN IMPORTS FROM U.S.: machinery and transport equipment, cereals and cereal preparations, raw cotton, textiles and fibers, manufactures of metal, professional instruments and photographic equipment, tobacco and tobacco manufactures. CHIEF ETHIOPIAN EXPORTS TO U.S.: coffee, hides and skins, oilseeds and oilnuts.

AID program sales

Special category shipments this year will probably not exceed $7.6 million. Other U.S. sales should rise impressively, however, if only because of renewed delivery of commercial aircraft. Moreover, AID-sponsored sales under the $21 million Finchaa Dam project and an $8 million line of credit to the Ethiopian Grain Corp., as well as purchases of U.S. goods and services under the special letter-of-credit tie to a $6 million malaria eradication program, should significantly boost U.S. exports to Ethiopia in 1968.

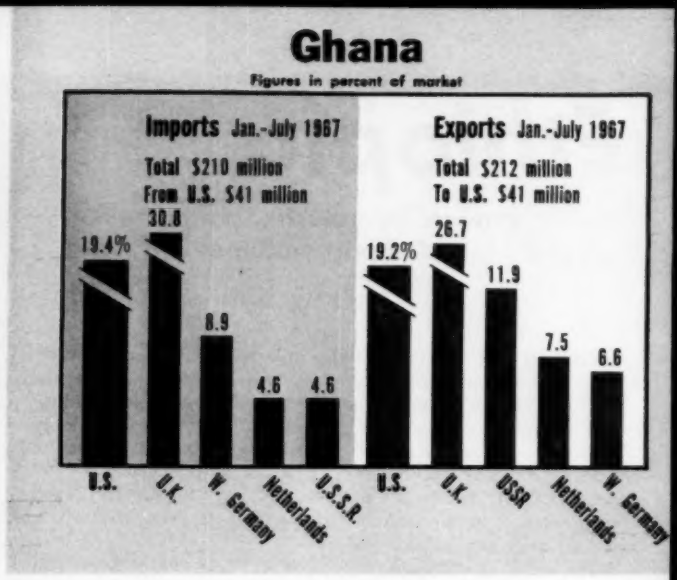
Despite recent per-capita income gains, Ethiopia is not expected to be a large market for U.S. consumer goods. Simple, inexpensive Japanese and Italian products already claim the largest share of the consumer market and should continue to do so. U.S. sales, based on unique features of technology or design, probably will grow only very slowly.

Assisting U.S. firms interested in establishing a local agent in Ethiopia, the Commercial Office of the U.S. Embassy in Addis Ababa will mount an attractive exhibit of American products as part of its Sample Display Service. Inquiries should be addressed to the Commercial Officer, U.S. Embassy, Addis Ababa, APO New York 09319.

Ghana

Sound economic policies are resulting in increased foreign business confidence

By BONNIE ANN McGOUGH
Africa Division, BIC



Total U.S. exports to Ghana in 1968 should substantially increase because of an expanded U.S. aid program. However, private commercial exports are likely to remain the same due to the imposition of strict import controls designed to improve Ghana's adverse balance-of-payments position.

Over the longer term, U.S. trade prospects are promising, given the new Ghanaian Government's financial and economic policies designed to channel Ghana's rich economic resources into a pattern of orderly economic growth.

During 1968, the Government will continue its policy of keeping imports to a minimum level in order to redress the chronic trade imbalance. Non-essential imports will be cut back sharply, and capital goods imports by the public sector can be expected to fall as a result of an austere 1967-68 budget.

These import restrictions are in line with the second phase, the stabilization period, of the country's economic development program. Monetary and fiscal stringency, maintenance of strict import controls, and some deflationary measures, such as the 30% devaluation of the currency in 1967, should limit economic growth through 1968.

For U.S. exports, however, these temporary constraints will be more than counterbalanced by the expanded U.S. aid program. In addition to increased PL480 shipments, the U.S. aid program includes a $20 million commodity import loan, almost all of which will be drawn down in 1968.

The U.S. Agency for International Development (AID) has also extended a loan of $2 million to the Ghana Government to assist in financing comprehensive studies in the agriculture, power, telecommunications, transportation and water supply sectors. The total proceeds of the loan will finance procurement of U.S. services and equipment.

Ghana's GNP last year is estimated to have increased only a little in real terms above the 1966 level of around $2.5 billion. This is equivalent to about $310 per capita, one of the highest per-capita levels in Africa. Further modest economic growth would appear to be a reasonable expectation this year, if currently high cocoa prices do not decline significantly.

The Government's rational and balanced approach to the economy's problems is resulting in increased domestic and foreign business confidence. Two specific actions contributing to the restoration of business confidence are the rescheduling of Ghana's large external debt accumulated during the previous regime and the performance of the Ghanaian Central Bank in honoring its short-term commercial commitments.

Because of Ghana's tight foreign exchange situation, the Government requires that all imports coming into the country must be received against 180-day letter-of-credit terms. While these terms have traditionally failed to gain the confidence of foreign exporters, the Ghana Central Bank has met all of its obligations. However, the time required to convert local currency into U.S. dollars after maturity of the letter of credit is reportedly about two to four weeks.

Business confidence has also been spurred by favorable changes in the tax structures which are beneficial to both domestic and foreign enterprises, and by the divestment of state control over certain enterprises.

According to Ghanaian statistics, total exports for the first seven months of 1967 ($212 million) showed a moderate increase over exports for the comparable period in 1966 ($194.5 million). This increase mainly reflects the change in the external value of the Ghanaian currency (the cedi) during 1966.

While total Ghanaian exports in 1967 probably were not markedly higher than the 1966 level of $269 million, the 30% devaluation of the cedi in July, the stimulation of cocoa production by increasing the producer price, and the recent tax incentives granted to export-oriented industries should result in an increased level of exports in 1968.

Aluminum from the VALCO smelter (owned by the Kaiser Corp. and the Reynolds Metals Co.) entered the market for the first time in 1967, with a shipment of 250 tons of ingots to Britain. With three potlines, VALCO has an annual capacity of 103,000 tons of aluminum.

Ghanaian imports for the first seven months of 1967 ($210 million, compared with $209.1 million for the corresponding 1966 period) reflect Ghana's efforts to cut back imports. Ghana's four priority categories for imports in 1967—industrial raw materials, spare parts, foodstuffs, and other essential consumer goods—should continue to occupy the priority position in 1968.

U.S. sales to Ghana in the first ten months of 1967 amounted to $36 million and, for the comparable period of 1966, to $42.5 million. The decline in U.S. sales occurred mainly in the categories of machinery and construction shapes and materials—items used in building the VALCO smelter, which was completed early last year.

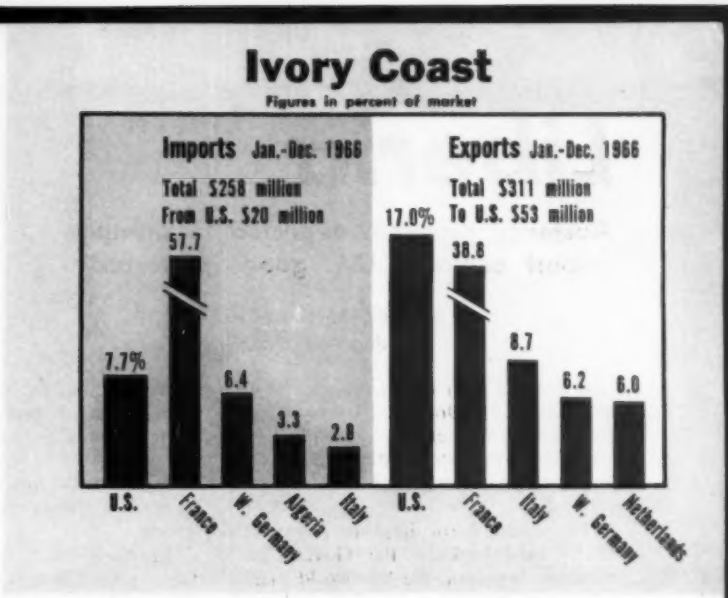
CHIEF GHANAIAN IMPORTS FROM U.S.: rice, chemical elements and compounds, non-electric machinery, wheat flour, animal oils and fats, unmanufactured tobacco, road motor vehicles and parts. CHIEF GHANAIAN EXPORTS TO U.S.: cocoa, manganese ores and concentrates, industrial diamonds, lumber, coffee.

Ivory Coast

Record levels seen for imports, exports as economy steadily grows

By JAMES H. ASHIDA

Africa Division, BIC



Spurred by continuous steady growth of the economy, both Ivorian exports and imports are expected to rise to record levels in 1968. U.S. exports to the Ivory Coast are estimated at $16 million in 1968, roughly $2 million more than in 1967. They should benefit from the gathering momentum of the Ivory Coast's 1967-70 Development Plan. That country's already-strong balance of payments will probably be enhanced by a bumper coffee harvest forecast at 90% above last year's level.

The product categories that appear to offer the most promising sales potential are agricultural (especially tractors) and construction machinery, trucks, and air-conditioners. The Export-Import Bank's decision to finance $36.5 million worth of the $96 million Bandama hydroelectric project means that much of the needed hardware and service will be purchased in the United States. Also, Ivorian consumption of U.S. animal fats and oils and paper and paperboard products should rise steadily.

The outstanding performance of the Ivorian economy, characterized by continuing trade and payments surpluses, has been one of the brightest spots in tropical Africa.

A balanced public investment program has supplemented the Government's policy of encouraging foreign investment. The stable political base has attracted substantial amounts of foreign investment in various agricultural and industrial enterprises.

The flourishing public and private areas have increased the gross domestic product at an average annual rate of 9% in current terms for the past six years.

During the next few years, however, the rate of growth is likely to decline slightly until heavy investments, particularly in agriculture, begin to pay off early in the 1970's.

Business confidence continues high. The near-term outlook is optimistic, reinforced by the forecast of a bumper coffee crop. Foreign-owned firms are more than ever plowing back profits into plant expansion. Evidence seems to be accumulating that these businessmen are becoming increasingly sanguine over their stakes in the Ivorian economy.

To explore business opportunities in this expanding economy, a U.S. Trade and Investment Mission is scheduled to visit the Ivory Coast this fall. The mission, under the auspices of the Department of Commerce's Bureau of International Commerce, will include specialists in insecticides, fertilizers and agricultural chemicals; industrial and construction equipment; food processing and refrigeration equipment; and consumer goods.

The United States ranks second after France in the amount of trade transacted with the Ivory Coast. In 1966, Ivorian purchases from the United States represented 8% of total Ivorian imports. Indications are that this share may have slipped to around 6% in 1967, largely reflecting termination of Public Law 480 shipments.

U.S. exporters should be able to hold their own this year, increasing their sales to the Ivory Coast at approximately the same rate of gain anticipated for total Ivorian imports. Since the United Kingdom is not an important supplier, devaluation of the pound sterling is not expected to affect U.S. exports to the Ivory Coast significantly.

U.S. exports to the Ivory Coast are handicapped to some extent by discriminatory Ivorian trade regulations against all imports from non-EEC countries or non-member countries of the West African Customs Union. Lately, the government has become quite liberal in issuing import licenses for U.S. products, particularly capital goods needed for the country's development program. Such imports usually qualify for special reductions and exemptions from high import duties under the Ivorian investment code.

CHIEF IVORIAN IMPORTS FROM U.S.: aircraft, rice, agricultural tractors, road motor vehicle and parts, construction and mining machineries, cooling equipment, mechanical handling equipment. CHIEF IVORIAN EXPORTS TO U.S.: coffee, cocoa, tropical logs and lumber, manganese ore, fish, furskins (dressed), crude rubber.

Investment opportunities

The Ivory Coast offers excellent opportunities for private investors. The Government especially welcomes investment proposals from U.S. firms. The Government has succeeded in its endeavor to create a favorable investment climate by encouraging a vigorously expanding private area.

A liberal investment code provides numerous incentives through various tariff and tax reductions. For foreign investors, complete freedom of transfer of funds is assured.

Loans for new industries and expansion of old ones are obtainable from the Ivorian Industrial Development Bank, to which the U.S. Agency for International Development has extended a $5 million loan tied to 90% U.S. procurement.

Also, an Investment Guaranty Agreement is in force between the United States and the Ivory Coast which enables U.S. investors to obtain insurance against political and other risks.

Priority treatment is accorded to private investments in the manufacture of paper and cardboard from tropical woods, and in such industries as lumber, cotton textile and food (using local produce). Priority treatment is also granted for the development of mining industries.

Liberia

Austerity program expected to dampen import demand; U.S. goods preferred

By STEPHANIE MACHLIN
Africa Division, BIC

Liberia
Jan.–Oct. 1967

U.S. exports to Liberia
$40 million

U.S. imports from Liberia
$45 million

U.S. trade with Liberia should be well maintained in 1968, but levels of both U.S. exports (about $45 million in 1967) and U.S. imports (estimated at $53 million) are not expected to show significant gains.

The demand for imports is expected to be held back by the Government's austerity program, the low world market prices for iron ore and rubber, and credit restrictions imposed by all banks in Liberia.

The Government's current tight fiscal policy, caused by capital overexpansion in 1962-63 and a consequent large external debt, is expected to continue for several years. The budgetary deficit in 1968 may be as high as $4 million. Studies are currently under way to find ways and means of rescheduling debt payments, limiting Government expenditures, and raising additional revenues.

The drop in iron ore and natural rubber prices on the world market has dampened the Government's prospects of achieving its anticipated 1967 and 1968 revenues. Although prices are not expected to rise, increased production of both products should yield additional revenue in 1968. Increased production and export of iron ore seem assured with the completion of the pelletizing plant at Buchanan.

Despite low iron ore and rubber prices and the tight fiscal policy, gross national product (GNP) at market prices is expected to increase at a rate of about 4½ to 5% per year through 1970. Increased production of iron ore and natural rubber, and further agricultural development seem to assure a steady growth of the Liberian economy.

The Liberian market is traditionally American-oriented. U.S. products are widely used and highly valued for their quality. U.S. exporters, however, continue to face increasing competition from Western European and Japanese products. The U.K. is expected to increase its share of the Liberian market, which was approximately 9.2% in 1966, as products from the U.K. will be more competitive since devaluation of the pound.

The reduction in consumer purchasing power, caused by bank credit restriction and increased taxes, will make lower-priced products from Japan, West Germany, and the U.K. even more attractive, although they may not be of as high a quality or as popular as American goods.

In April 1967, the Liberian Government amended the 1966 Customs Tariff. Principal items affected by the amendment, which reduced the tariff on approximately 130 commodities, were foodstuffs, farming equipment, and other machinery. The 1966 Customs Tariff was changed because tariffs were higher than the Government had anticipated, causing an increase in the cost of living.

U.S. share rises

According to the most recent Liberian statistics, Liberia imported a total of $113.5 million in 1966. The U.S. share of the market, up about $1 million over 1966, was 44%. While the absolute level of U.S. exports to Liberia increased, the U.S. percentage of Liberia's total imports decreased moderately from 1965 when the U.S. share was 47.4%.

The United States is expected to maintain its present share of the market in 1968.

The latest U.S. Bureau of the Census figures show that U.S. exports to Liberia amounted to $39.7 million during the first ten months of 1967, up $9.4 million from the same period in 1966. Liberia imported an unusually large amount of rice in 1967, part of which was financed under the U.S. PL 480 program.

Despite increasing competition from other countries, the steady growth of the Liberian economy will mean an increasing demand for certain U.S. goods. As plans for agricultural development proceed, the country will need agricultural machinery (including food processing machinery), fertilizers, seeds, road-building equipment, and heavy construction materials and equipment.

CHIEF LIBERIAN IMPORTS FROM U.S.: milled rice, construction and mining machinery; motor vehicles; tractor parts and accessories; mineral and glass working machinery; heating and cooling machinery; electric power machinery. CHIEF LIBERIAN EXPORTS TO U.S.: iron ore, rubber, coffee, cocoa, diamonds, fish, palm kernels.

The level of U.S. imports from Liberia during Jan.-Oct. was $45.3 million, compared to $53.4 million for the same period in 1966. The 1966 figure reflected large imports of Liberian coffee.

There is a growing demand for U.S. electrical power tools, locks, construction materials, and recreation equipment—including boating and fishing gear, and especially small plastic boats and outboard motors. In 1968, there will also be a high demand for hospital equipment and educational materials.

Liberia is trying to diversify its economy by encouraging manufacturing and processing of certain goods. An oil refinery and a cement plant are scheduled to be completed in 1968. Firestone has announced plans to build a tire factory, pending sales arrangements with neighboring countries. As protective tariffs are expected to prohibit imports of these goods, imports of U.S. petroleum products and auto and truck tires will be affected. These investments, however, will serve to stimulate the economy and, in turn, Liberia's demand for imports.

Liberia will continue to offer a stable Government and an attractive climate for foreign investment. Now, as current U.S. AID-financed projects reach completion, there is a greater need than ever for additional foreign private investment to maintain expansion of the economy.

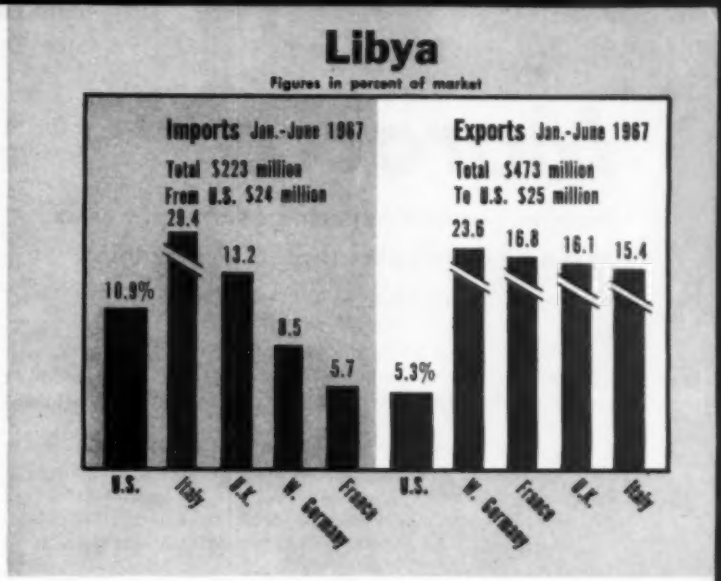
The Liberian Government has published an Investment Code which offers tax and other incentives. Liberia uses the U.S. dollar as its official currency, and the Government imposes no restrictions on the movement of capital into or out of Liberia.

The improved availability and lower cost of electric power, the expansion of the road network, and the modernization of the water and sewer system in Monrovia should make investment opportunities more attractive in Liberia.

Libya

Recent petroleum finds spur other areas of economy to resume pre-crisis tempo

By PAUL W. LEINENBACH
Africa Division, BIC



U.S. exports to Libya should rise rapidly in 1968 as the Libyan economy continues to expand to record levels. Stimulated by recent petroleum discoveries, exploration and drilling activity will increase rapidly as this year progresses. Development projects financed by the Government's petroleum royalties will spur on the non-petroleum areas of the economy.

The effect of the Middle East hostilities on the Libyan commercial climate has been overcome, and Libyan ports again are filled with cargo vessels, including U.S.-flag ships. Orders for the importation of building materials and consumer non-durables have increased significantly to replenish stocks depleted during the summer months. While all economic activities appear to have resumed their precrisis tempo, trucking, building construction, and road construction are the particularly bright spots.

Libya's GNP is expected to continue growing at the rapid rate registered in the past few years. In 1966 (the most recent year available), GNP in current prices, rose by 27% over the 1965 level, reaching a high of $1.2 billion ($717 per capita). Petroleum production accounts for the majority of Libya's GNP (60%), although construction activity is generating an increasing share (about 20% in 1966).

Libya's imports are rising rapidly along with the expansion of GNP. In 1966, imports rose by 27% over the 1965 level, reaching a total of $405 million. However, as a result of the slackening of petroleum exploration and drilling activity last year, imports from the U.S. in 1966 declined by $4 million from the 1965 level.

In the first half of 1967, Libya's imports rose by 15% over the level of the similar period of 1966, reaching a total of $223 million. Imports from the United States in the Jan.-June 1967 period totaled $24 million, $4 million less than in the first half of 1966.

Libyan imports of U.S. commodities which registered substantial declines in the first half of 1967 were transport equipment, explosives, and agricultural produce. However, sales of U.S.-manufactured electric power machinery and telecommunications equipment were significantly greater in the first half of 1967 than in the same period of 1966. Libya's imports from the United States for the full year 1967 are expected to be equal to the 1966 level.

This year, Libya's imports from the United States should accelerate rapidly.

In addition to the material and equipment required by the petroleum industry, commodities that will offer better-than-average sales opportunities in the near-term future are: construction machinery, trucks, passenger cars, agricultural machinery, pumps, mechanical handling machinery, spraying machinery, and hand tools.

Following the highly successful U.S. exhibit in the 1967 Tripoli International Fair, the Department of Commerce will participate in the February 1968 Fair. Libyan demand for U.S. products should receive added impetus from this exhibit.

Petroleum expands

Petroleum production is proceeding at full capacity, presently exceeding two million barrels a day. There is every indication that output will increase rapidly as recent finds are brought into commercial production. The new Occidental Petroleum Co. strike, estimated to be the largest find to date in Libya, will be connected by pipeline to the Mediterranean coast early this year.

Petroleum royalties received by the Libyan Government, presently approaching $600 million annually, will rise in proportion to the growth in crude oil exports. In addition, the petroleum companies have agreed to temporarily increase royalty payments to reflect the present unusual market conditions resulting from the closure of the Suez Canal.

CHIEF LIBYAN IMPORTS FROM U.S.: pumps, construction and mining machinery, iron and steel pipes, electric power machinery, mechanical handling equipment, motor vehicles, electric measuring and control instruments. CHIEF LIBYAN EXPORTS TO U.S.: crude petroleum, printed matter, frozen meat.

Development expenditures

The Libyan Government allocates 70% of petroleum revenues to development expenditures. Under the present five-year Development Plan, allocations are estimated to total $922 million for the 1964-68 period. Details on the new five-year Development Plan, which will be phased in this year, have not been announced yet, but allocations are expected to rise in proportion to the increase in petroleum revenues received by the Government.

Most development projects are in the public works area and include water supply, sewage, communications and education projects. The largest single project included in the Development Plan is the $1.1 billion Idris Housing Project. Contracts for the first 9,200 homes of the planned 100,000 units to be built in the next five years under this scheme were awarded in 1967 and tenders on subsequent stages are expected to be announced shortly.

The new Libyan commercial agency law requiring all Libyan agencies to be 100% Libyan owned is causing some uncertainty. It is anticipated that U.S. and all other foreign firms presently represented in Libya by non-Libyan agents will be required to make new distributorship arrangements. The disruption, however, is expected to be short-lived so U.S. exports to Libya should not be seriously affected.

Morocco

Economic upturn expected as drought ends and new development plan is initiated

By PAUL W. LEINENBACH
Africa Division, BIC

U.S. exports to Morocco are expected to expand at a moderate rate throughout 1968 in line with the general growth of the Moroccan economy and the upward drift in imports.

Morocco's economic growth should accelerate in the coming months. Principal factors responsible for the quickening pace are the expected impetus from the new Moroccan five-year Development Plan, the apparent end to the prolonged drought, and the impact of the recent import liberalization measures.

General economic stability prevailed in 1967 in conformity with the objectives of the Government's three-year Development Plan. In 1967, most major nonagricultural areas of the economy exhibited moderate growth. As a result of the poor agricultural yield, however, the gross national product in current prices remained at about the 1966 level of $2.6 billion. With the advent of the fall rains, business outlook is becoming increasingly optimistic. If the rains continue, the growth in agricultural production and rural purchasing power should result in a substantial expansion of GNP in 1968.

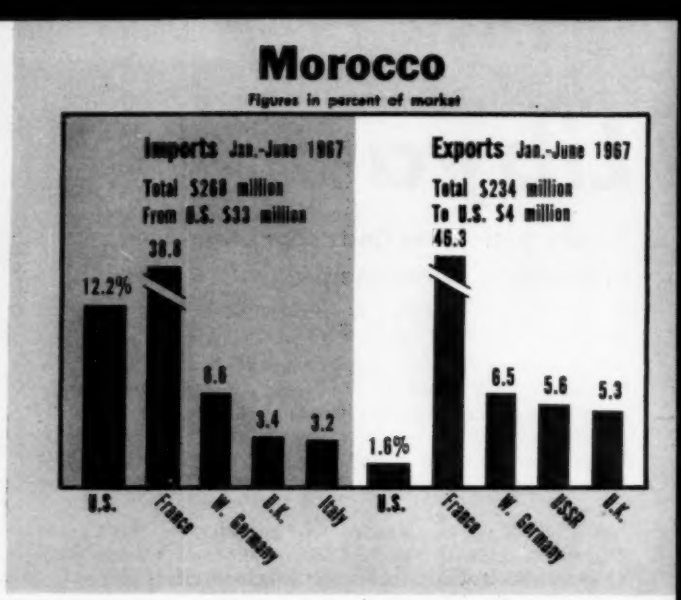
Stringent monetary measures applied by the Government in 1966 to control inflationary pressures gradually have been relaxed. Last year, the Government offset inflationary demand arising from the poor cereals crop by importing quantities of wheat, a substantial portion from the United States on concessionary payment terms. Wages, which rose by about 5% in 1966, are estimated to have increased by a much smaller amount in 1967.

Morocco in 1966 imported commodities valued at $459 million and exported to a value of $461 million for a trade surplus of $2 million.

Imports rise

In the first half of 1967, Morocco's imports increased at a much faster rate than exports. Led by agricultural products required to offset the poor cereals crop, imports expanded by 23% over the first six months of 1966 and reached a total of $268 million for the period. Exports, which rose by only 6% in the first half of 1967 over the comparable period in 1966, totaled $234 million.

Morocco's imports from the United States during the first half of 1967 totaled $33.2 million, an impressive 33% increase over the like period of 1966. A substantial portion of this increase, however, results from an expansion in food support necessitated by the prolonged drought and does not represent an expansion of commercial demand.



Structural changes in the Moroccan economy are causing a gradual shift in the composition of the country's imports from the United States and the rest of the world. Although agricultural commodities are the largest category of U.S. exports to Morocco, an increase in purchases of American industrial equipment (including mining equipment, motor vehicles, and electric power machinery) is evident. This trend is expected to continue in 1968 as a result of the recent removal of Morocco's preferential import licensing system. U.S. products now compete on an equal basis in the Moroccan market with those from all countries. (INTERNATIONAL COMMERCE, Jan. 1.)

The overall pattern and composition of U.S. exports to Morocco should continue in 1968, but within each category there should be a shift toward products for the expanding areas of the economy.

Specific products that offer increased sales possibilities include: food processing and packaging machinery, measuring and controlling instruments, organic chemicals, pharmaceuticals, pesticides, disinfectants, fertilizers and synthetic yarns and fabrics.

CHIEF MOROCCAN IMPORTS FROM U.S.: wheat, animal oils and fats, raw cotton, cigarettes, soybean oil, motor vehicles, construction and mining equipment. CHIEF MOROCCAN EXPORTS TO U.S.: manganese, sardines, pepper and pimento, zinc ore, fertilizer, natural phosphate, leather.

Casablanca Fair

U.S. exporters will find the Spring 1969 Casablanca International Exposition an excellent vehicle for testing Moroccan demand for their products. This will be the first international fair held in Morocco following the Government's liberalization of the import system. The fair should attract numerous buyers who wish to see the latest equipment and merchandise. Importation of these products is no longer inhibited by the preferential licensing arrangements which Morocco employed before last June.

The outlook for foreign investment in Morocco is good. In 1966, total private investment increased by about 25% over the 1965 level. This pace is expected to be maintained through 1968, as many investment projects are passing from the planning to the implementation stage. Especially attractive areas for foreign investment are tourism, food processing industries for the export market, and large-scale agriculture. These areas are emphasized in the Moroccan Development Plan, and the Government offers incentives to encourage investment in them.

A new 5-year Development Plan, which will be initiated in 1968, will also emphasize these areas.

In addition, U.S. investors may utilize local currency (Cooley) funds generated by U.S. agricultural assistance to Morocco. Presently, about $2 million of these funds are available for low-interest loans to U.S. investors.

Nigeria

Civil strife remains crucial factor in determining this year's prospects

By ANNETTE ROBINSON
Africa Division, BIC

Indicators point to the Federal Military Government's overcoming of secessionist Biafra but just when hostilities will end remains the crucial determinant in Nigeria's economic prospects for 1968. Assuming that a satisfactory solution to the political difficulties can be found early this year, Nigeria's foreign trade should expand considerably. The ability of U.S. exports to participate in such expansion is dependent on the agressiveness of U.S. businessmen in meeting that market's needs.

Reconstruction of the economy should generate demand for a considerable quantity of U.S. capital goods for public projects. Also, a healthy increase in U.S. exports should be provided by the revitalization of the oil industry and the replacement of lost or damaged equipment.

Loss of business confidence in 1967, due to the deteriorating political situation, was reflected in the slow-down in the rate of private foreign capital inflow. The attitude of the business community at present appears to be one of watchful waiting.

In 1967, Nigeria's GNP reached approximately $5.6 billion—the second largest in Africa—representing a growth rate of about 1% in real terms as opposed to the former average annual growth rate in excess of 5%. This declining growth rate is mainly due to the problems surrounding the civil war. The secession of the Eastern states and the Federal Government's blockade of the area greatly reduced economic activity in the East and, to a lesser extent, in the rest of the Federation.

Austerity measures

As a result of the pressures on the economy, the Ministry of Finance initiated a number of austerity measures which are expected to yield about $84 million in a full fiscal year. These include a general surcharge on imports, an additional tax on companies' profits exceeding $14,000, and a compulsory savings of 5% on all incomes.

Total exports of Nigerian goods for the first three quarters of 1967 were valued at $577.6 million, compared with $727.7 million for the like period in 1966. This decline in exports is principally due to a sharp drop in exports of crude petroleum following the Federal Government's blockade of Eastern ports. Approximately 90% of the petroleum was normally shipped from Bonny Terminal in the East. The value of Nigeria's traditional agricultural exports, with the exception of palm products, increased during the same period.

Total Nigerian imports for the first three quarters of 1967 were valued at $489.4 million, compared to $676.8 million for the corresponding period in 1966. A large proportion of this decline is reflected in a significant drop in purchases of capital goods resulting from postponed investment decisions in both the public and private sectors. Purchases of consumer goods and raw materials also registered sharp declines.

Balance-of-payments deficit

In the third quarter of 1967, the Nigerian balance of payments is estimated to have been in deficit by approximately $25 million. Nigeria's external assets have been subjected to severe pressure by declining exports at a time when expenditures connected with the war and debt services are increasing. By the end of September, foreign exchange reserves had declined to $175.8 million from the level of $236.5 million at the end of December 1966. Devaluation of the British pound is estimated to have brought another $10.5 million loss in Nigerian reserves.

U.S. exports to Nigeria, based on U.S. Bureau of Census statistics, for the first ten months of 1967 were $55.4 million, compared with $86.6 million in the same period in 1966. A large percentage of this trade loss was in materials and equipment for the virtually shut-down petroleum industry.

U.S. imports from Nigeria also declined, but by a much smaller percentage than exports. U.S. imports from Nigeria for the first ten months of 1967 were valued at $39.4 million, compared with $46.1 million in the same period of the preceding year.

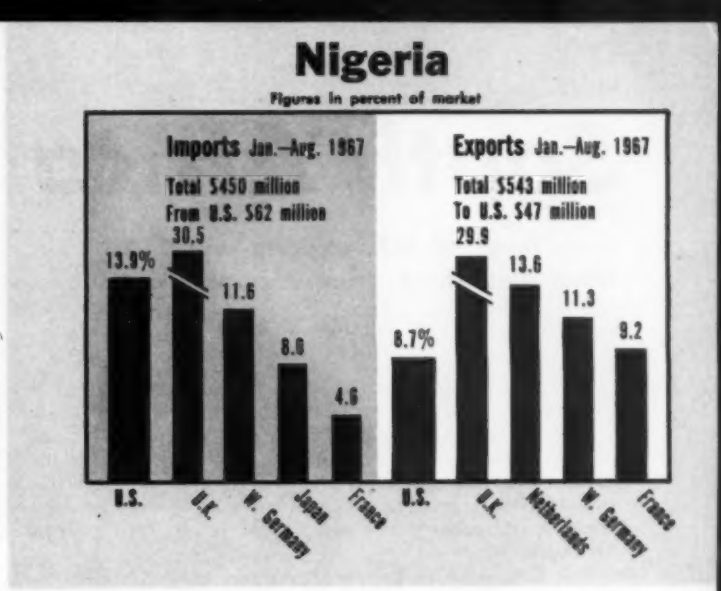
U.S. share down

The U.S. share of the Nigerian market for the first eight months of 1967 was 13.9% compared with the peak 16.2% of the market that was reached in 1966.

During the same period, Nigeria's other major trading partners, the United Kingdom, the EEC, and Japan, increased their share of the market. The United Kingdom, traditionally Nigeria's principal trading partner, may increase further its share of the Nigerian market, aided to some extent by the recent devaluation of the British pound.

The principal opportunities for U.S. sales during 1968 will probably be in capital equipment for rebuilding basic economic areas and for the petroleum industry. Consumer durables such as air-conditioning and electrical household equipment are also relatively promising sales areas.

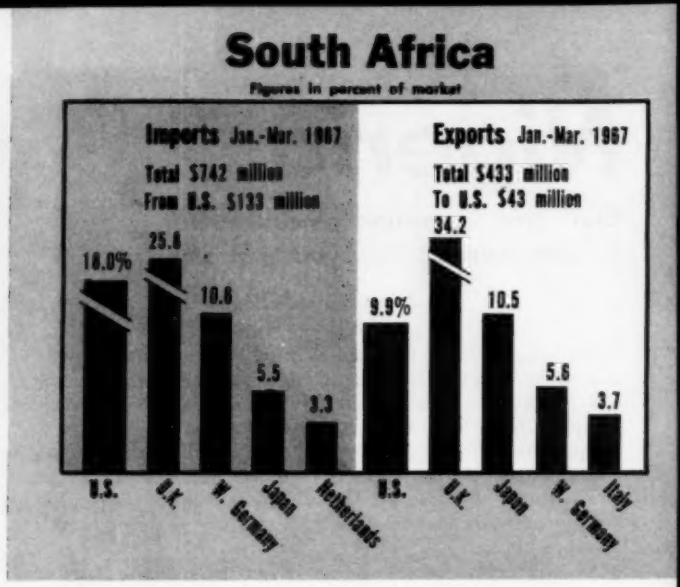
CHIEF NIGERIAN IMPORTS FROM U.S.: iron and steel pipes and tubes, construction and mining equipment, wheat, floating structures, mechanical handling equipment, heating and cooling equipment, pumps and centrifuges and parts. CHIEF NIGERIAN EXPORTS TO U.S.: cocoa beans, crude petroleum, crude rubber, goat and kid skins, tin, palm oil, columbium ores and concentrates.



South Africa

High level of U.S. exports will face intensified third country competition

By WILLIAM K. KRIST
Africa Division, BIC



U.S. exporters will find the South African market strong in 1968, but increasingly competitive. Factors that will bear heavily on the U.S. export position include the as yet uncertain impact of the U.K. devaluation together with the internal consequences of the South African Government's anti-inflationary program which is expected to hold the total import level approximately equal to the record 1967 level of $2.7 billion.

The U.S. share of the South African market, which has been declining gradually from the 19% of 1964 to an estimated 17% in 1967, will probably continue to fall marginally in 1968. However, the absolute level of U.S. exports to South Africa should remain within the limits outlined by the estimated $440 million for 1967 and $400 million of 1966.

Faced by intractable inflationary pressures, the South African Government has been forced to adopt strong anti-inflationary measures over the past 18 months, including successive relaxations in import controls, imposition of a strict credit ceiling on the banking sector, and postponement of several key government projects.

While the overall effect of these steps has led to some drop in demand, particularly for capital goods, the outcome of the program remains uncertain. Key economic indicators are mixed, with manufacturing production and durable goods sales rising, while the value of planned construction and new car sales are declining. As a result, any letup in present measures in the near future is doubtful.

Despite the uncertainty regarding control of the inflation, South Africa's growth prospects for 1968 are a respectable 5% in real terms, as compared to the estimated 6½% for 1967. GNP for 1966 amounted to $12 billion at market prices. The reason for the predicted tapering off in growth is that the agricultural sector turned in an exceptionally good year in 1967, after years of drought; in 1968, however, the growth in that sector should be more moderate.

One not-altogether-unfavorable consequence of the Government's program to restrict credit as an anti-inflationary device has been intensified domestic price competition. Indeed, in some areas such as electrical appliances price wars have attracted considerable publicity.

Additionally, the recent 14.3% devaluation of the pound sterling should lower the prices of selective British goods, thereby amplifying price competition within the South African market and increasing the competitiveness of U.K. merchandise. Product lines in which British price competition will be the greatest include woolens, electrical equipment, and machine tools.

Import growth slows

For the first ten months of 1967, South Africa's imports were running at a rate 22.4% higher than the comparable 1966 period; significantly however, imports declined 2% in October from the comparable 1966 month.

According to Bureau of the Census data, U.S. exports to South Africa followed this trend for the first six months of 1967 and rose in value 24.2% over the like 1966 span. However, from July through October, U.S. exports were off 9.5% from the comparable 1966 period.

While no commodity data are yet available to explain this reversed trend, the decreasing demand for capital goods in South Africa is probably the major underlying factor, and this can be expected to continue into 1968.

For the full year 1967, however, U.S. exports to South Africa were probably about 10% over the 1966 level of $400 million, or roughly equal to the record $437 million shipped in 1965.

South Africa recently announced a further relaxation of import quota allocations as an additional anti-inflationary measure. This latest step, which became effective Jan. 1, leaves intact the approach to capital goods imports spelled out in May 1966.

Thus, allocations for capital goods valued at less than $1,400 are 125% of the 1964, 1965, or 1966 allocations, and no restrictions are placed on the importation of capital goods worth more than $1,400 which are designed to promote productivity.

However, capital goods valued at more than $1,400 needed for either the establishment of a new enterprise or for the expansion of an existing plant will be closely scrutinized by the Government.

Products which have the best prospects in the South African market include those commodities produced in the U.S. which have a clear technological advantage over similar products produced abroad. Under this guideline, such items as accounting machinery, electrical measuring and control equipment, synthetic fibres, and packaging and folding machinery should have particularly bright prospects in the South African market for 1968. Additionally, many price-competitive consumer goods should benefit from the relaxed import restrictions.

CHIEF SOUTH AFRICAN IMPORTS FROM U.S.: passenger cars and trucks, aircraft, motor vehicle and tractor parts, organic chemicals, construction and mining machinery, mechanical handling machinery and equipment, milled rice. CHIEF SOUTH AFRICAN EXPORTS TO U.S.: diamonds, copper and copper alloys, wool, shellfish, nickel, cane and beet sugar, radioactive elements.

Zambia

Development Plan and search for new import sources brighten trade outlook

By SUSAN F. PARK
Africa Division, BIC

Zambia's minerals-based economy should absorb increasing quantities of U.S. products in 1968. This is in response to an ever-increasing need for transportation and construction machinery to implement the country's Four-Year Development Plan, and the requirement for civil engineering equipment to complete several large projects.

Consistent growth of the gross national product (GNP) has figured in Zambia's respectable financial standing. Zambian officials stated confidently that 1967 would show a continued significant growth in GNP at market prices, which rose from $840 million in 1965 to $1,012 million in 1966, providing a per-capita income of approximately $259.

An average annual growth rate of 11% in gross domestic product (GDP) is projected for future years, although 1966's rate was closer to 20%.

Competition rises

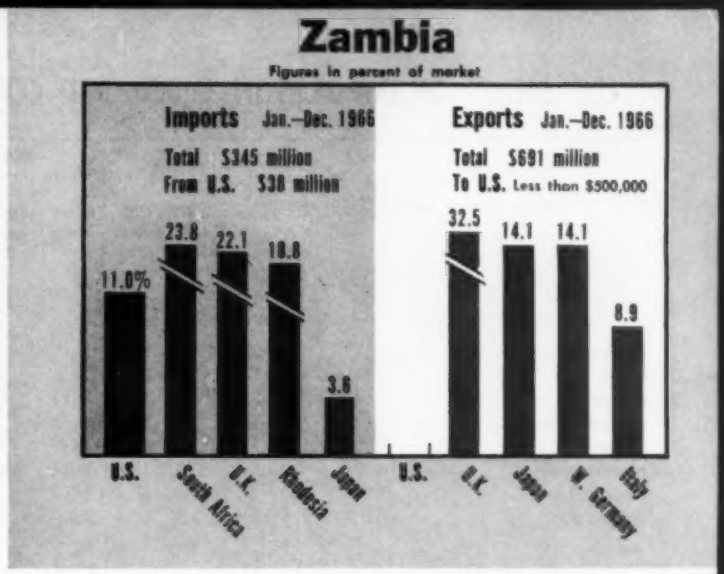
Zambia is still a very young country, but its market potential is becoming recognized by the world's leading exporting nations; opportunities stem mainly from the country's efforts to divest itself of dependence on traditional Southern Rhodesian sources of supply and transport routes.

Zambia's program of re-orienting its market links to its northern neighbors and the rest of the world took active shape following Rhodesia's unilateral declaration of independence from the United Kingdom in November 1965. Implementation of this program has enabled the U.S. share of the market to rise from 6% in 1965 to 11% in 1966.

Major suppliers in 1966 were South Africa, the U.K., and Rhodesia. However, imports from Rhodesia fell by over one-third from 1965's level. Foreign trade statistics are not yet available for 1967.

Zambian development activities created U.S. exports of $33 million during the first ten months of 1967, composed mainly of locomotives, aircraft, construction and mining machinery, tractors, general industrial equipment and trucks and other motor vehicles; for its part the U.S. imported $5.6 million of Zambian goods, largely copper and copper alloys, during the same period.

Best prospects for U.S. sales to Zambia this year comprise these same categories, plus fertilizers—shipments of which could boost the value of U.S. exports to Zambia by 10% over 1967.



To cope with increasing Japanese, West German, and Italian competition, to maintain the lucrative Zambian trade formerly conducted through agents and distributorships in Rhodesia, and to create new inroads into the Zambian market, American businessmen should consider establishing Zambian-based outlets for their products.

Additionally, U.S. exporters should be alert to the advantages of shipping goods through Dar es Salaam in bordering Tanzania. Import permit requirements have been eliminated for goods entering Zambia through that port, and East African Railways and customs authorities no longer require bond securities or deposits of duty for Zambian-bound commodities transiting Dar es Salaam.

Another Zambian development of significance to American businessmen is the conversion to decimal currency. Effective January 16, the Kwacha (K), the new unit of currency, replaces the Zambian pound at the rate of 2 to 1. Worth $1.40, the Kwacha is divided into 100 ngwee, which are equivalent to $0.014 each.

A major incentive for increased trade with Zambia is the country's sound financial position. Foreign exchange holdings of over $200 million at the end of 1967 are a continuation of the post-independence trend which has witnessed consistently large reserves for both current and developmental expenditures.

Although such sizable surpluses cannot be maintained indefinitely, given expanded development expenditures, Zambia should continue to enjoy an excellent international credit rating.

CHIEF ZAMBIA IMPORTS FROM U.S.: airplanes, construction machinery and parts, mining machinery and parts, tractors, road motor vehicles, mechanical handling equipment, railway locomotives and cars. CHIEF ZAMBIA EXPORTS TO U.S.: unwrought lead, crude asbestos, manganese ores, mineral ores and concentrated base metals, ferroalloys.

Copper key to growth

Copper, Zambia's principal export commodity—it accounted for $644.8 million of total exports of $691 million in 1966—is the key to Zambia's financial future. The Zambian Government, aware of the problems that dependence on a one-product economy can cause, is providing for the strengthening of the economy's minerals sector and a broad-scale diversification of the economic base. Measures include cooperation in multi-national efforts for the promotion of copper interests; encouragement of new agricultural and manufacturing enterprises; and steps to curb inflationary pressures which are raising prices 6%-8% a year.

A broad variety of investment possibilities are open to American businessmen through the provisions in Zambia's Development Plan for diversification of the industrial base. Current opportunities range from construction of a major hydroelectric project at Kafue to installation of the country's first railway workshops at Kabwe (formerly Broken Hill). Increasing agricultural output has greatly emphasized the need for processing facilities, especially for corn and corn starch products.

U.S. SHARE OF IMPORTS INTO SELECTED COUNTRIES

Area and country	1966 Imports			1967 Imports January through latest month			
	From world (million	From U.S. dollars)	U.S. share %	Latest month	From world (million	From U.S. dollars)	U.S. share %
Latin America							
Barbados	76	14	18.4	(1)	(1)	(1)	(1)
Bolivia	138	57	41.2	(1)	(1)	(1)	(1)
Ecuador	172	66	38.5	May	84	34	40.0
Guadeloupe	93	6	6.5	Mar.	24	2	6.7
Guyana	118	27	22.8	July	78	22	28.4
Martinique	93	6	7.0	Mar.	25	2	6.9
Paraguay	58	10	17.4	Sept.	53	9	16.8
Uruguay	164	20	11.9	June	94	14	14.8
Western Europe							
Iceland	159	22	13.6	Sept.	120	21	17.3
Ireland	1,043	98	9.4	Aug.	733	64	8.7
Malta	108	5	4.3	Mar.	26	1	3.0
Portugal	1,023	82	8.0	Sept.	701	57	8.1
Far East							
Cambodia	[2]104	[2]3	[2]2.6	Feb.	16	(3)	3.1
New Caledonia	67	3	4.5	Mar.	15	1	6.0
Near East-South Asia							
Burma	158	17	10.5	June	63	(1)	(1)
Ceylon	426	17	3.9	Sept.	289	16	5.7
Cyprus	154	7	4.7	Aug.	107	6	5.7
Iraq	491	48	9.8	Feb.	75	6	7.6
Jordan	191	34	17.6	Sept.	117	13	11.3
Kuwait [4]	463	97	21.0	May	258	59	23.0
South Arabia, Fed. of [5]	285	5	1.8	(1)	(1)	(1)	(1)
Syria	294	23	7.8	Sept.	183	(1)	(1)
Africa							
Angola	209	17	8.4	June	121	11	8.8
Cameroon [6]	[7]92	[7]4	[7]4.6	(1)	(1)	(1)	(1)
Congo (Brazzaville)	70	3	4.7	Mar.	17	1	3.4
Gabon	66	7	10.9	June	31	3	8.1
Malagasy	142	9	6.4	Sept.	106	8	7.7
Mauritius	69	2	2.3	June	37	(1)	(1)
Mozambique	208	15	7.5	Jan.	18	1	3.5
Reunion	105	1	0.8	Mar.	26	(3)	0.8
Senegal	155	7	4.7	Mar.	45	(1)	(1)
Sierra Leone	100	6	6.3	Apr.	33	3	8.7
Sudan	222	17	7.6	Apr.	64	4	6.9
Tunisia	250	41	16.4	June	128	37	28.7

Note: Imports are valued c.i.f.
[1] Not available.
[2] January-November.
[3] Less than $500,000.
[4] Excludes oil company imports.
[5] Now Peoples Rep. of South Yemen.
[6] Data refer to East Cameroon only.
[7] January-September.

Sources: Official trade statistics of listed countries.
International Monetary Fund, *International Financial Statistics*.

'Outlook' lists probable '68 export leaders

Annual Commerce publication points to machinery prospects

The export picture is bright for airconditioning and refrigeration equipment, electronic components and products, aerospace equipment, and construction and oilfield machinery and equipment, according to the *U.S. Industrial Outlook for 1968* just published by the Department of Commerce.

In general, the overseas market is regarded as not favorable for products presently being manufactured abroad in increased numbers or with poor value-to-cost ratios for shipping. These include: appliances, textiles, printing equipment, containers and packaging materials, furniture, detergents, synthetic rubber and particleboard.

Presents projections

Economic activity in the United States ended 1967 on an uptrend, despite a slow start and various impediments, the *Outlook* reports.

The *Outlook* presents narrative and statistical projections and trend analyses for 86 industries. Each industry section provides, in addition to 1968 forecasts, a review of significant problem areas, major firm financial data, and developments in international trade.

According to the *Outlook*, which was compiled by Commerce's Business and Defense Services Administration, almost two-thirds of major U.S. industries expect to increase output at least 5% in 1968. Greatest percentage gains are expected in civilian aircraft and business machine sales; in motel receipts; and in construction machinery and equipment. The construction industry is expected to achieve a record volume of activity, and the aerospace industry will reach new high levels. Increased demand for steel, copper, aluminum and other raw metals is forecast.

Prospects for 1968 have been brightened by a sharp recovery in housing, stepped-up auto output to recoup production lost through strikes in 1967,

and the steadily growing education, health, transportation, and other public service needs of state and local government.

Construction of new facilities in the international telephone and telegraph industries and the establishment of a worldwide communications satellite system should contribute to another strong year for these industries.

The changing age mix of the growing population, increasing personal incomes, and steadily rising educational levels are reflected in the outlooks for a whole range of U.S. consumer goods and services.

Appendix tables provide statistical forecasts of activity for all manufacturing industries as well as related materials for states and metropolitan areas. A special table analyzes plant productivity within twenty specific industries.

The *Outlook* is based on a forecast 1968 GNP of $845 billion, which represents a consensus of business and government specialists as of November 1967.

The *Outlook* is for sale at $1.25 per copy from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, or from any Department of Commerce Field Office.

Conversion values of European currencies given

By PAUL A. MAYER
Office of International Trade Promotion, BIC

The accompanying table shows the value of the dollar in terms of European currencies and, conversely, the value of these currencies in terms of dollars as well as in terms of all other currencies listed. Values are rounded off and reflect prices at the end of 1967.

The table can be used in a variety of ways. It shows:

► How many foreign currency units can be bought for one dollar;

► How many dollars can be bought for one unit (or multiples of one unit) of a given currency;

► The amount of currency of a given country (say, Belgium) that must be spent to buy currency of any other country listed in the conversion table;

► The amount of currency of a given country (say, Belgium) which can be bought with the currency of any other listed country.

Thus, reading horizontally, the reader will find how many currency units can be bought for one (or multiples of one) currency unit of the country listed in the left-hand column. Example: Horizontal line 3 (Belgium) shows that 100 Belgian francs will buy $2 or 10 French francs. The same line shows also that these 10 French francs will buy 8 Deutschmark or 15 Danish crowns.

Reading vertically, the reader will find how many currency units of the country listed at the head of the vertical column will buy one (or multiples of one) currency unit of all the other 13 countries. Example: Vertical column 3 (Bfrs) shows that 50 Belgian francs will buy $1, that 1,000 Belgian francs will buy 100 French francs, and that 1,250 Belgian francs will buy 100 Deutschmark.

Readers interested in transactions between, say, the United States, France and Germany, will find the following pertinent data: 1 U.S. dollar buys 5 French francs or 4 Deutschmark (line 1, United States); 100 French francs buy $20 or 80 Deutschmark (line 5, France); 100 Deutschmark buys $25 or 125 French francs (line 6, Germany).

The conversion tables previously published in this magazine—the latest on page 60 of the July 17, 1967, issue—have become obsolete as a result of the recent devaluation of sterling and several other currencies.

Country	Currency units	Value in		$	£	Bfrs	Dkr	Ffrs	DM	£ sh d	Lire	Hfl	Nkr	Esc	Pts	Skr	Sfrs
United States	Dollars	$.....	1	**	25	50	7.50	5	4	–. 8.4	625	3.60	7	28	70	5	4.30
Austria	Schillings	S.....	100	4	**	200	30	20	16	1.13.–	2,500	14	28	110	275	20	17
Belgium	Belgian francs[1]	Bfrs.....	100	2	50	**	15	10	8	–.16.9	1,250	7	14	57.50	140	10	8.50
Denmark	Danish kroner	Dkr.....	100	13.50	330	650	**	65	55	5.10.–	8,500	48	93	380	930	70	58
France	French francs	Ffrs.....	100	20	515	1,000	150	**	80	8. 9.–	12,750	75	145	575	1,420	105	88
Germany	Deutschmark	DM.....	100	25	630	1,250	190	125	**	10. 8.–	15,625	90	180	710	1,750	130	108
Great Britain	Pounds[2]	£.....	1.–.–	2.40	70	120	18	12	10	**	1,500	8.75	17	70	170	12.50	10.50
Italy	Lire	Lire.....	1,000	1.60	40	80	12	8	6.50	–.13.–	**	5.75	11.50	45	110	8.25	7
Netherlands	Holl. florins	Hfl.....	100	27.70	700	1,400	210	136	110	11.11.–	17,300	**	200	800	2,000	143	120
Norway	Norw. kroner	Nkr.....	100	14	350	700	105	70	56	5.17.–	8,750	50.	**	400	980	72.50	60
Portugal	Escudos	Esc.....	100	3.50	90	175	26	17	14	1. 9.–	2,200	12.50	25	**	245	18	15
Spain	Pesetas	Pts.....	100	1.45	37	72.50	11	7.25	6	–.12.–	900	5.25	10.50	42	**	7.50	6.25
Sweden	Swedish kronor	Skr.....	100	19.50	490	967	145	95	77	8. –.–	12,000	70	140	550	1,350	**	85
Switzerland	Swiss francs[3]	Sfrs.....	100	23.20	585	1,160	175	114	92	9.13.–	14,500	84	165	660	1,625	120	**

[1] Used also in Luxembourg. [2] Used also in Ireland. [3] Used also in Liechtenstein.

Export machines cut to fit

Florida company tailored lumber-drying equipment to customer needs, won 'E' award

The Moore Dry Kiln Co. of Jacksonville, Fla., has received the Presidential "E" award for expanding exports of its wood-working machinery and equipment through designing production systems individually to meet specific customer requirements. The company also has established factory-trained sales engineers in 12 countries and opened a sales and service facility in Sweden to serve all of Europe.

Moore manufactures lumber and veneer drying systems and lumber handling and rough mill systems.

Custom designs offered

When Moore had attempted to enter the foreign market three years ago, it discovered that European dry kiln and lumber handling machinery, cheaper than U.S. models, was mass-produced. In order to compete effectively, Moore expanded its engineering and technical capacities to offer custom designed, engineered and installed systems to meet individual plant specifications.

To challenge European equipment in the matter of price, Moore planned a program to demonstrate to foreign lumber manufacturers that U.S. machinery, although higher-priced, would bring a faster return on their capital investment.

The company showed them how modern engineering and technical know-how could increase production, reduce manufacturing costs, and improve quality. Moore executives feel that their success in selling these concepts was the main factor in capturing orders which had gone previously to European competition.

Sales engineers appointed

Moore has obtained business, through its sales engineers, in France, Sweden, the Netherlands, Turkey, South Africa, Nigeria, Peru, Brazil, Nicaragua, Guatemala, Honduras and Costa Rica.

In the hope of further increasing exports, the company has assigned sales agents in the Philippines, Taiwan, Malaysia, New Zealand, Pakistan, Thailand, Mexico, Chile, Argentina, Canada, Greece, Spain and West Germany.

Moore makes available the services of a technical expert to train and teach local production and maintenance personnel. This service, not offered by competitors, is an important feature of Moore's international sales effort.

In adapting its products to the overseas market, Moore uses metric measurements where appropriate. The company also increases its exports by tailoring credit and shipping terms to clients' needs.

Plant in Memphis

Established in 1879, Moore Dry Kiln Co. calls itself the oldest and largest company of its type in the world. In addition to headquarters in Jacksonville, Moore operates a plant in Memphis, Tenn. Moore's export division is headed by a wood technologist/sales engineer.

The "E" flag and certificate were presented to company president Pat M. Williams by Secretary of Commerce Alexander B. Trowbridge at the 83rd annual meeting of the Jacksonville Area Chamber of Commerce.

'E' AWARD PRESENTATION was attended by (l. to r.) Lee Fiske, Moore export manager, Sec'y of Commerce Alexander B. Trowbridge, Wm. Bruce Curry, Jacksonville Field Office director, and Pat M. Williams, Moore president. A flag-raising was held later at the company plant.

U.S. quality control society to join international group

The American Society for Quality Control has just announced its participation in the organization of an International Association for Quality.

The purpose of the international association will be to exchange quality information among industries throughout the world, with an eye toward promoting better utilization of resources and increased worldwide productivity.

IAQ will hold an interim session during the American Society's 22nd Annual Technical Conference May 6-8 in Philadelphia. The next IAQ formal meeting will be held in Madrid in October.

The IAQ organizing committee is composed of representatives from the United States, Japan, and fifteen European nations comprising the European Organization for Quality Control. Chairman of the IAQ's six-man board, which is charged with building the formal organization, is Dr. A. V. Feigenbaum of General Electric Co. The target date for adoption of the official structure and by-laws is 1971.

Foreign Government Actions

Beirut's Intra Bank reopens its doors

Reconstituted bank should help city regain leading trade role

Beirut's largest commercial bank, Intra Bank, reopened its doors to the public on Dec. 28 for the first time since the Lebanese banking crisis more than a year ago. The arrangements for refloating the Bank were worked out with the assistance of the American brokerage firm, Kidder, Peabody & Co.

The new Intra is a different bank from the one that was forced to close its doors to avoid bankruptcy in Oct. 1966. Its corporate structure has been reformed, and it now operates under a new and stricter state banking law adopted by the Lebanese Government to enhance the fiscal integrity of the country's entire banking community.

Creditors holding small claims against Intra—those who had deposits of less than $78,000 in Intra at the time it closed—are now being permitted to make cash withdrawals in settlement of 15% of their claims, and further withdrawals are to be authorized over the next three years amounting to a total of 50% of their claims. Settlement of the other 50% of the claims of small creditors will be made in the form of shares of stock in the new Intra Bank.

The large creditors (claims of $78,000 or more) are to receive shares in the new Intra in full settlement of their claims.

Under this arrangement, the three major creditors of the old Intra Bank have now become the principal shareholders in the refloated Intra Bank. These are the Governments of Kuwait and Qatar, and the U.S. Commodity Credit Corporation (CCC), all three of which are also represented on the Board of Intra, as it is now reconstituted.

Based on the net worth of the new Intra Bank, the current market value of the shares now being issued to creditors is considerably less than the creditors' claims. However, the three principal shareholders have agreed not to dispose of their shares; and it is hoped that the other shareholders will do likewise.

Given adequate time, the new Intra is expected to grow until the shares now being issued to creditors will acquire sufficient market value to cover fully all claims that remained outstanding when the old Intra closed.

The reemergence of Intra Bank should contribute to the restoration of business confidence in Beirut, which has traditionally served as a trade and financial center for the Near East.

Uganda adds to list of goods requiring import licenses

The Government of Uganda recently added a number of commodities to the schedule of goods which may not be imported without a specific import license.

These commodities are canned beef; crude fertilizers, sulphate of ammonia and other nitrogenous fertilizers; sulphur and unroasted iron pyrites; sublimated, precipitated or colloidal sulphur; illuminating and power kerosene; starches and starch base materials; welded tubes and pipes of iron or steel; tube and pipe fittings of iron or steel; casks, drums, boxes, cans and similar commercial containers used for transport; insulated wire and cable; fencing wire, including barbed wire; crown corks; earthenware pans; handkerchiefs; brassieres; scarves; shawls; and mufflers.

In conjunction with Uganda's conversion to the metric system, exclusive import rights for weighing machinery and weights therefor have been granted to the National Trading Corp.

Germany opens import quota on some fruits, vegetables

The German Government will accept import license applications for certain fresh fruits and vegetables for industrial processing only from a number of countries, including the United States. Included are: tomatoes, cauliflower, green beans, small and large cucumbers, apples and pears other than for cider, garlic, onions, asparagus, Brussels sprouts, red, white and Savoy cabbage, spinach, carrots, peas, parsley and stalk celery, lemons, oranges, satsumas, mandarines, clementines, apricots, peaches, cherries, plums, and strawberries.

Applications for import licenses—without stating quantities or values—may be filed until the (undisclosed) value limit is reached but not later than Dec. 31, 1968. German plant protection regulations must be observed.

Ivory Coast will purchase $36.5 million in U.S. goods, services for dam project

A $36.5 million credit to Ivory Coast for purchase of U.S. services and equipment needed in the Bandama hydroelectric project has been authorized by the Export-Import Bank.

Total costs of the power portion of the project are estimated by Kaiser Engineers of Oakland, Calif., consultant to the Government of Ivory Coast, at $95.5 million.

The Eximbank loan will finance purchases of American construction equipment, steel, switchgear, and transmission facilities and other equipment. In addition, over $8 million will be spent on engineering and other services. Detailed engineering studies are now being prepared.

The Bandama project involves the construction of a rock and earth dam almost a mile long (4,900 feet) on the Bandama Blanc River in Ivory Coast, the installation of facilities with a generating capacity of 174 megawatts, and erection of transmission lines.

Energy production, scheduled to begin in 1974, will rise to 535,000 megawatt-hours annually when in full use.

Spain limits distribution of profits and dividends

Effective Nov. 27, 1967 and until Dec. 31, 1968, the Spanish Government has limited the distribution of profits and dividends by all firms in Spain to a level no greater than was paid in the earnings period (quarter, semester, year) immediately preceding this date. Firms which did not pay dividends in the previous earnings period will be limited to no more than 5% of their net worth.

The above decree was published in the Official Bulletin, (*Boletin Oficial del Estado*) of Dec. 8.

Bahama dollar holds line

The Bahamian dollar, revalued from the equivalent of seven shillings/two pence to eight shillings/two pence as a result of the recent U.K. devaluation, retains its former value of 98 cents in relation to the U.S. dollar. An item in the Dec. 4 issue of this magazine indicated that the value of the Bahamian dollar had been reduced to 96 cents.

Investment Opportunities pages 72-76

Mandatory controls providing a limited basis for continued U.S. direct investment overseas were initiated by the President on Jan. 1 as part of a broad program to improve the U.S. balance of payments. The Jan. 8 issue of INTERNATIONAL COMMERCE contains a summary exploration of the investment control program.

To ascertain whether they are subject to investment controls, and to insure their compliance with them, investors should consult the text of the Foreign Direct Investment Regulations, published in the Federal Register for Jan. 3, available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. An office has been set up to administer the program. Address: Director, Office of Foreign Direct Investments, U.S. Department of Commerce, Washington, D.C. 20230.

The Investment Opportunities section continues as an informational service for U.S. investors operating within the scope of the mandatory investment regulations. Opportunities listed in this section include licensing and joint venture proposals.

Firms responding to investment opportunities may wish to inform the Bureau of International Commerce of their action, for follow-up assistance where appropriate. This will insure receipt of additional information as it becomes available.

A (*) following the name of the foreign firm indicates that additional information is available by writing the Department of Commerce (BIC-876), Washington, D.C. 20230.

WTD indicates that a World Trade Directory report containing financial and business background information on the foreign firm is available for $2 from the Department of Commerce (BIC-924), Washington, D.C. 20230.

For general assistance to firms interested in joint ventures or licensing agreements abroad CALL Area Code 202-967-3786 or write Department of Commerce (BIC-878), Washington, D.C. 20230.

Thai pipe producer wants joint venture

Use of plastic pipe in water systems improves prospects

A Bangkok manufacturer of PVC pipe seeks to expand its operations through a joint venture with a U.S. firm experienced in the industry. Asked of a U.S. partner is capital participation, management assistance and technical know-how in return for a percentage of equity to be determined by mutual agreement of the parties.

The Bangkok firm's plant is located near Don Muang Airport, about 20 miles north of Bangkok, on a 14-acre site. The concrete structure plant has a floor space of 6,492 sq. ft. Plant machinery and equipment is partly of Japanese and local manufacture and assembly.

Manufacturing capacity is reportedly around 20 metric tons each of PVC and polyethylene pipe a month. Rigid and semi-rigid pipe sizes of current production range from ¼ inch to 4 inches in diameter. Imported raw materials include PVC resins and compounds, and low and high density polyethylene resins. Finished products are distributed throughout Thailand and are occasionally exported to Laos.

Closely affiliated with a producer of plastic goods, toys and utensils, the Bangkok firm reportedly is unable to meet the current and future market demands for plastic pipe without the infusion of additional capital, management counsel and technical know-how.

Plastic pipe is being increasingly used in Thai water systems. Over the next five years water systems employing plastic pipe are scheduled to be installed in over 600 Thai villages, requiring approximately three million feet of plastic pipe.

Write: Eastern United Engineers Co., Ltd., 160 Thai Niyom Bldg., corner Mahachai and New Roads, Samyod, Bangkok, Thailand. WTD.

Nicaraguan seeks venture

A Managua entrepreneur seeks a joint venture with an experienced U.S. firm to develop a 15 acre site located in the south western part of the city. Reportedly, the property is suitable for residential construction.

Write: Mr. Cesar Guerra, Apartado Postal 722, Managua, Nicaragua. WTD.

Panama firm wants corn mill venture

Is chiefly interested in technical assistance from U.S. partner

A Panamanian manufacturer of cookies, crackers, and snack foods proposes a joint venture with an experienced U.S. firm to establish a corn mill with a daily milling capacity of between 30 and 40 tons of corn. The processed grain would be used in the production of edible oils, animal feeds, snacks and corn meal. As the Panama City firm has only a limited knowledge of this type of operation, it particularly seeks technical assistance from a U.S. participant.

Established in 1945, the company is reportedly the largest domestic manufacturer of biscuits. It also makes hard candies and marmalades. The firm has around 150 employees, plus 12 salesmen, and owns a fleet of 16 trucks. It claims to have recently constructed a new plant on the outskirts of Panama City with an estimated value of $200,000.

In addition to its own operation, the company has an interest in several other Panamanian concerns, one of which produces cellophane and polyethylene wrappings and cardboard boxes for packaging various finished food products. Also, the company is associated with a Mexican firm in a cracker manufacturing operation in that country.

The Panama City concern states that its annual sales increased from $600,000 in 1964 to $1.3 million last year.

Write: Productos Alimenticios Pascual, S.A., P.O. Box 8422, Panama, R.P., Panama. WTD.

Saudi Arabian firm seeks to make paints, enamels

A Saudi Arabian firm is interested in negotiating some form of licensing or joint venture arrangement with an experienced U.S. manufacturer to make emulsion paints and enamels. Planned output is 200,000 gallons a year.

The Jidda firm is headed by a U.S. college graduate and is reportedly well connected.

Write: Saudi Research and Development Corporation, P.O. Box 1935, Jidda, Saudi Arabia. WTD.

U.S. license agreements sought by five French manufacturers

Want to make automotive filters, telephone equipment, transformers, metal working presses, and other articles

Five French firms seek licenses to produce controls for low-tension electric systems, transformers, automotive filters, metal working presses, and telephone equipment. U.S. firms should correspond directly with the manufacturers at the addresses given in the proposals.

● A Paris manufacturer and distributor of automatic starters for asynchronous electric motors, telephone equipment, precision measuring apparatus and automatic pilots seeks licensing agreements with U.S. firms.

The French concern is interested in the production of newly developed products for the control and regulation of low tension electric installations and equipment.

Founded in 1896, the company operates several plants and workshops in France, including a new 15,000 sq. meter facility in Paris. One of its plants has a laboratory and workshops devoted to the production of such high precision equipment as measuring instruments. In addition, the Paris concern participates in the manufacture of auxiliary equipment for nuclear power stations in cooperation with several other French firms.

The company employs around 1,600 and reports annual sales of $18 million. It already has a licensing agreement with a U.S. concern.

Write: The Association des Ouvriers en Instruments de Precision (A.O.I.P.), 8-14 Rue Charles Fourier, Paris 13, France. WTD.

● A French manufacturer of special transformers from 1 to 3,000 KVA is interested in acquiring U.S. licensing rights for the manufacture in France of new, advanced types of transformers.

Organized in 1957, the French firm's plant is located at Fontenay-le-Comte. Employees number 85 plus 14 travelling salesmen and annual sales volume is reportedly close to $1.5 million.

Write: S.A. des Transformateurs B.C., 108-110 Rue Marius Aufan, 92—Levallois-Perret, France. WTD.

● A manufacturer of metal working presses and pressure rollers seeks a license to produce U.S.-designed metal working presses, particularly automatic high speed metal cutting and forming presses from 15 to 500 tons.

Established in 1911, the company has approximately 90 employees.

Since the French manufacturer supplies customers within the European Common Market, U.S. companies seeking to enter this area may find this opportunity of interest.

Write: Ateliers de Construction Mecaniques et Electriques Precision, 23 Rue de Vesoul in Besancon, France, Attn: M. Jean Groslambert. WTD.

● A large Paris manufacturer of such electro-mechanical equipment as industrial controls, electric motors, hydraulic turbines, mining locomotives, telephone equipment and intercommunication apparatus seeks a license to produce equipment related or complementary to telephone line installation equipment.

Established in 1964, the company is a subsidiary of two large French concerns. It employs around 15,000, operates several plants and reports annual sales of $130 million. The Paris concern also has agents and branch offices located throughout France, and representatives in numerous other countries.

Write: Societe de Constructions Electro-Mecaniques Jeumont-Schneider, 5 Place Rio de Janiero, Paris 8, France. WTD.

● A large French manufacturer of filters for automobiles, trucks and buses and for lubrication oil, diesel fuel, gasoline, hydraulic fluids, and compressed air and gas wants licensing rights to manufacture industrial filters and filter elements.

The firm is also interested in acting as an agent for products related to this field.

The company is particularly interested in a license to make a complete line of standard industrial filters for fluid (liquid or gas) with the following operational characteristics:

Filtration: degrees -from 0,2 to 700 microns; Flow rate -from 0,1 to 50,000 g.p.m.; Pressure drop -from 2 to 80 p.s.i. Supply pressure -until 450 and 3,000 p.s.i.; Operation temperature -from 60 to 1,300° F, and Fluid viscosity -until 3,000 s.s.u.

It would also like to manufacture a complete line of filter elements for the above listed filters to include: disposable cartridges of felt fiber with resins and wound types; cleanable cartridges of the screen, porous metal and felt types; metal edge filters for continuous operation; wire wound cartridges with backwash and fiber sheets and discs.

Established as a corporation in 1965, the French firm's plant is located in a Parisian suburb on a 26,000 square meter site and reportedly is equipped with outstanding machinery. The firm is affiliated with two other French companies and employs 450 workers plus six travelling salesmen. It does an annual volume of around $5 million.

Write: S. A. Lautrette & Cie, 11 Boulevard Bineau, 92-Levallois, France. WTD.

Australian concern seeks to make ceramic products

Licenses to manufacture products in the industrial ceramics area are sought by a Sydney firm.

The Australian company produces spark plugs, vehicle heaters, air conditioning units, clocks, watches and appliance controls. It markets shot blast nozzles, core buttons and sleeves for brick extrusions, electrodes, flame rods, insulated terminals for electro-magnets and high energy ignition units for oil and gas burning equipment.

The firm operates a 140,000 sq. ft. plant in Sydney and a facility of 20,000 sq. ft. in Melbourne. Production facilities include a spray dry-powder processing unit, isostatic pressing capabilities and kiln firing up to 1,700 degrees centigrade. The company employs about 720, plus 20 traveling sales representatives calling on hardware, electrical and automotive wholesalers. Its sales territory includes Australia, New Guinea, New Zealand, Singapore and Fiji.

Although the Sydney concern is a subsidiary of a large English company, this has not limited its business activities. In addition to a licensing arrangement with a U.S. company, the Australian firm distributes products from other countries.

Write: Smith Industries Pty. Limited, 46-52 Ferndell Street, Guildford (Sydney), New South Wales 2161, Attn: Mr. N. J. Eldred, Divisional Manager. WTD.

Five British firms request licenses to make U.S. goods and equipment

Production rights asked for drugs and toiletries, die casting and other types of machinery, electric controllers

Five British firms seek licenses to make various items. For additional information, U.S. firms should correspond directly with the manufacturers at the addresses given in the proposals.

• A designer, manufacturer, and distributor of pressure vessels, heat exchangers, dry containers, stainless and carbon steel fabrications seeks licensing arrangements with U.S. firms.

The British firm is particularly interested in the production of air treatment equipment, boilers, chemical processing apparatus, water effluent clarifiers, coal slurry treatment, drying equipment, condensers, desuperheaters, distillation apparatus, dryers, evaporators, filters, and gas drying machinery.

It also wants to make all types of heat exchangers, hydrogenation equipment, industrial acoustic apparatus, mixers, pressure vessels, pulsation dampeners, sea water purification equipment, separators, vacuum impregnation machinery, pipeline fabricated valves and water treatment equipment.

The concern's facilities are located on a three-acre site of which 35,000 sq. ft. are covered. Production equipment includes folding and cutting machinery, numerous welding apparatus, machine tools, and pressure testing equipment.

The firm maintains complete facilities for training apprentices. It has approximately 165 employees.

According to the British concern, its sales organization has close contacts with U.K. firms in the petroleum, petrochemical, chemical processing, gas and electrical industries.

Write: Syntilla Manufacturing Co. Ltd., Elizabeth Works, Luton Road, Dunstable, Bedfordshire, England. WTD.

Work gloves

• A manufacturer of industrial work gloves seeks a license or agency agreement for work gloves made of leather, cotton, rubber and P.V.C. It also wants to produce gloves combining leather and cotton or any newly developed product. The British concern is also interested in making such allied products as clothing, helmets, boots and air filters.

Established in 1921, the company employs about 350 and claims to be the largest U.K. firm in its field. Plants are operated in Stourbridge and London.

Write: John Ward and Sons (Stourbridge) Ltd., Lion Works, Short St., Stourbridge, Worcestershire, England. WTD.

Pharmaceuticals, toiletries

• A large British manufacturer and retailer of pharmaceuticals and toiletries seeks licenses to produce U.S. pharmaceutical and toilet preparations.

Founded in 1888, the firm makes a wide range of pharmaceuticals including liquids, powders, compressed tablets, creams, ointments and pastes, and such fine chemicals as antibiotics and steroids. In addition, the firm manufactures and packages cosmetics, toilet preparations and soaps. The products are distributed through a chain of 1,300 company-owned retail pharmacies located throughout the United Kingdom. These stores also sell electrical and photographic equipment, stationery, leather goods and many other items.

Headquartered in Nottingham, the company operates plants and warehouses in England and Scotland. It plans to construct new facilities on the outskirts of Nottingham in 1968. The firm employs about 39,000, and is also engaged in agricultural activities.

Overseas operations are carried out through affiliated companies or branch offices in Australia, India, Pakistan, Nigeria, South Africa, Singapore and New Zealand. Also, the firm has 75 foreign agents.

Interested U.S. concerns can obtain further details about this opportunity by **writing:** Boots Pure Drug Co. Ltd., Station St., Nottingham, England. WTD.

• Established in 1942, a manufacturer of elevators and liquid filling machinery seeks licensing agreements with U.S. firms.

One of the British firm's divisions specializes in the production of electro-hydraulic elevators. It wants to correspond with U.S. manufacturers of electro-hydraulic elevators or their components, experienced in the area of electric controllers for hydraulic installations.

The concern's other division is interested in making capping machinery, labeling equipment and vacuum filling machinery. It produces fully automatic exact volume filling machines.

The British company has about 100 employees, plus agents in Australia, France, New Zealand, Sweden and other countries.

Write: Becker Equipment and Lifts Ltd., Twin-Lift Works, Alperton, Wembley, Middlesex, England. WTD.

Production goods

• A British engineering firm which specializes in the design and production of automatic machinery, tool making, die casting, and plastic and rubber and rubber molding is interested in acting as a licensee to manufacture products in this general field for the British and European markets. The British firm is particularly well experienced in compression molding, injection molding and die casting operations where lengthy runs are involved, such as the production of bottle caps, knobs, handles and small industrial pieces.

W. R. Scott, Director of the firm is prepared to visit the United States and discuss arrangements for manufacture of U.S. items in the British plant with firms which respond to this announcement.

Write: Automation Research Ltd., Balena Close, Creekmoor Trading Estate, Poole, Dorset, England. WTD.

Swedish firm seeks license to make aluminum profiles

Engaged in activities in the mechanical and electrical fields, a Swedish firm seeks a license to manufacture aluminum profiles combined with electrical applications. The products can be highly complicated, but not of large dimensions.

The Swedish firm operates a 1520 sq. meter plant and employs around 35. Production equipment includes 16 to 65 ton presses, milling machines, turret and capstan lathes, plate shearing machines, spray paint apparatus and modern point welding equipment.

Write: Vastberga Mekaniska Verkstad AB, Elektravagen 64, Hagersten, Sweden. Attn: Jost H. Kohler, Managing Director. WTD.

U.S. firms offered opportunities to make European-designed goods

Manufacturers in Germany, Netherlands, England, Italy show interest in licensing arrangements

Manufacturers in West Germany, The Netherlands, England and Italy are seeking U.S. licensees to produce and distribute their products for the U.S. market. Products offered are heating boilers, non-woven textiles, tire treads, cutter insert for waste water pumping and lifting plants, truck-mounted cranes, cosmetics, valves and fittings.

Write: Office of International Investment, code 874, Bureau of International Commerce, Department of Commerce, Washington, D.C. 20230, referring to the appropriate File number assigned each opportunity listed below.

• A W. German manufacturer and designer of air-conditioning and heating equipment, and of dry kilns, is seeking a licensee in the United States to produce **heating boilers specifically designed for the wood processing industry.**

The boilers are in three vertical sizes, designed for 15 lb. of steam or 30 lb. of water as heating medium. The heating capacities range from 300,000 to 4,000,000 BTU per hour.

The furnace of each boiler is equipped with two combustion chambers, one for burning waste wood (sawdust, chips, shavings, etc.), and the other for oil or gas firing. Conversion to either is accomplished automatically by a special control mechanism. The moment the burned wood is depleted, an automatic changeover from wood to oil or gas takes place. A large storage capacity guarantees the fuel supply for many hours without refilling. **File 1559.**

• A company in Holland specializing as a patent broker for several kinds of products, especially **non-woven textiles and tractor and automobile tire treads,** has expressed a desire to arrange a licensee agreement with a U.S. firm for the manufacture of these unique products.

The formed non-woven textiles, of which the firm states the tensile and tear strength have the same value in all directions, are made from various fibers which are oriented by an electrostatic charge, and bonded into a soft, flexible fleece by binding agents with special foaming additives.

The method of supplementing tire treads with a new type drive rib is designed for vehicles needing a maximum amount of traction, especially vehicles such as farm tractors and earth moving equipment. New ribs can easily be placed on the tires when the old have begun to wear, according to the Dutch firm.

World patents have been applied for by the Dutch firm covering both products. **File 1560.**

• A W. German pump manufacturer has expressed an interest in granting a license for the manufacture and marketing in the U.S. of its patented (U.S. Pat. No. 3,340,812) **cutter insert for sewage pumps** which, according to the firm's statement, renders clogging impossible.

The cutter, with connections from 1½ to 12 inches, can be used in any type of waste water pumping and lifting plant. It can chop nylons, fist-sized stones, long bolts and pipes, hoses several feet long, rags, bottles, pieces of wood, and large sheet metal cans, whether the items are in bundles or passing through the waste water plant singly.

The firm says that the power consumption is not much more than that of standard sewage impeller pumps. **File 1561.**

• An Italian manufacturer of pharmaceuticals, chemicals and beauty preparations, is seeking a U.S. licensee to manufacture and market its complete line of **cosmetics and toiletries.**

An official of the company has made plans to visit the United States for two to three weeks in February 1968 to discuss details with interested U.S. firms. **File 1562.**

• A British manufacturer is seeking a licensee arrangement with a U.S. firm to produce its **truck mounted cranes** in the United States.

These cranes, hydraulically operated, are of the 3, 6, 8, 12½, 15, 20 and 50-ton range; the 15-ton is a telescopic jib crane. Each of these machines, up to and including the 20-ton, is capable of carrying its intermediate jib sections for movement from job to job. This eliminates the need for a second truck. One engine, through a power take-off on the side of the gearbox, powers the hoisting and pivoting operations of the cranes. **File 1563.**

• A British firm specializing in stainless and heat resisting metal products is seeking a licensee to produce its pipeline ball valves and patented flanges for the petrochemical industry and fuel pipelines.

The firm claims that its controlled temperature ball valves can be used at much higher temperatures and pressures than conventional ball valves. The firm also claims that its flanges will supersede the traditional weld-neck and slip-on flanges.

The staff of industrial engineers of this firm, developers of these items, also have other products in the final stages of development. One of these is an oxygen lance which can provide for completely variable/pressure/angle control of the oxygen, oil or lime stream so as to considerably reduce the costs and technical problems of traditional steel-melting copper alloy lances. Others being developed are coil valves, coil filters and reciprocating/rotating positive displacement piston pumps which the firm claims possess unique features. **File 1406-R.**

Dutch firm wants to make machinery, equipment

A subsidiary of a Dutch foam rubber producer seeks licenses to manufacture special industrial machinery.

The company is interested in making equipment for the purification of effluent water, the rotation molding of plastics and expanded polystyrene molding of plastics. It also wants to produce machinery for the processing of polyester fiber for ship hulls, piping and other products.

As the firm, Eur-O-Matic N.V., is a subsidiary, **write** the parent concern: N. V. Rubatex, 22 Gravenlandseweg, Weesp, the Netherlands.

WTD's are available on both firms.

Tomato paste, juice venture sought by Greek businessman

A Thessaloniki businessman claiming to have close business relations with local farmers is interested in a joint venture with an experienced U.S. firm to manufacture tomato paste and tomato juice.

The Greek entrepreneur says that the three firms currently producing tomato juice and paste are unable to meet existing demand. He also believes that the establishment of a baby foods industry offers promise since Greece does not have one.

Write: Costas S. Iconomou, 8 Dodecanissou St., Thessaloniki, Greece. WTD.

Four Belgian firms request licenses

U.S. equipment and new production techniques of interest

Four Belgian firms seek U.S. licenses to make various types of equipment and for new techniques in production.

• A Belgian manufacturer of food products machinery, conveying equipment and freight elevators seeks licensing agreements with U.S. companies.

The Antwerp firm is interested in producing fruit and vegetable canning machines, food packaging apparatus and materials handling equipment. It was established in 1956 and employs about 15.

Write: Mervers, P.V.B.A., 57 Samberstraat, Antwerp, Belgium. Attn: Michel Verstraeten, Manager. WTD.

• Licenses utilizing new techniques in steel structures, welding and hoisting operations and pipeline manufacturing are being sought by a leading Belgian structural steel firm. The company produces steel framework for buildings, bridges and towers. It also makes steel sheet plate for gas and oil storage tanks and tank cars.

The firm's facilities, located near the Antwerp port area, extend over 32 acres. It has two Belgian subsidiaries and employs approximately 800, including 120 highly skilled personnel in its engineering department. The firm uses about 3,000 tons of steel monthly and carries out contracts for the chemical and petrochemical industries.

Write: S. A. Nobels Peelman, Gazometerstraat 101, Sint Niklaas-Wass, Belgium. Attn: Frank Nobels, President. WTD.

• Founded in 1899, a Belgian manufacturer of bituminous roofing materials and waterproof packaging papers seeks licenses to produce raw felt or roofing felt, utilizing newly-developed processes.

Headquartered in Ghent, the firm operates three plants in Belgium and employs around 140. It markets its products in EEC, EFTA and South American countries.

Write: Usines Pol Madou, 77 Gardeniersweg, Ghent, Belgium. Attn: Philip Madou, General Manager. WTD.

• Founded in 1899, a manufacturer of compressors, vacuum pumps, hoists and materials handling equipment seeks licensing agreements with U.S. firms.

The Belgian firm is interested in the production of rock drilling equipment, rotative compressors, removable diesel compressors, aftercoolers and vacuum pumps. It employs about 100, plus ten salesmen, and reports 1966 sales of approximately $1.2 million.

Write: Ateliers Francois S.A., 274 Rue Cote d'Or, Sclessin-Liege, Begium. Attn: Mr. G. de Lannoy, Manager. WTD.

Two Welsh firms seek U.S. licenses

Two Welsh companies are currently submitting licensing proposals to U.S. firms.

• A manufacturer of ore blending equipment, conveyors and elevator buckets, mechanical handling equipment, mining aparatus and valves seeks a license to make related products.

The firm's facilities consist of machine, fitting, and press shops, plus a foundry with a capacity for medium castings in cast iron and steel, phosphor bronze and aluminum. Production equipment includes lathes, milling, drilling and sawing machinery, electric welding apparatus, bending and folding presses.

The Welsh company specializes in the complete overhaul of all types of valves, including high pressure valves, with equipment for pressure testing up to 10,000 p.s.i. Reportedly, it is building a new plant on a five-acre site. The firm employs about 50.

Write: Davenco (Engineers) Limited, Lion Works, Abergavenny, Monmouthshire, Wales. WTD.

• A Welsh manufacturer of metal pickling, phosphating and washing equipment acid recovery machinery, such vitreous enamel products as domestic bath and sinks and stainless steel kitchen sinks seeks to expand production through licensing agreements with U.S. firms.

The company is interested in extending its range of stainless steel products and would consider the manufacture of domestic products related to its bath and sink line. It also wants to produce hot brass pressings or components produced from gauge strip or sections in nonferrous alloys, excluding aluminum. Ideally, the company is seeking to make a new product in a finished state for promotion in the United Kingdom.

Production facilities include a fully integrated plant for the production of pressed or welded mild steel articles having a vitreous enamel finish. This plant has a large press capacity and metal forming and welding equipment. A range of enameling frits are also made in this facility. The firm operates well-equipped casting shops, a rolling mill for nonferrous metals and a general engineering facility which handles light-to-medium steel construction.

The company has about 1,300 employees. Its representatives cover the U.K., calling on the main distributors of the firm's products, builders and hardware wholesalers and jobbers. In addition a small technical staff visits such prospective customers in metal using industries as automobile and domestic appliance manufacturers.

Write: Edward Curran Engineering Ltd., Process Plant Division, Cardiff, Wales. WTD.

Cyprus firm wants to make electric submersible pumps

A Cyprus manufacturer of centrifugal pumps seeks the collaboration of a U.S. firm experienced in the industry to produce electric submersible turbine pumps.

The Cypriot firm would like to negotiate a licensing agreement and arrange for the supply of some electrical parts from the U.S. licensor. It would manufacture the pumps on Cyprus and market them there and throughout the Middle East.

A fixed fee arrangement with the U.S. collaborator is preferred. No capital participation from the U.S. firm is sought.

Write: Nemitsas Industries Ltd., 104 Anexartisias St., P.O. Box 124, Limassol, Cyprus. WTD.

AMA plans seminars on Pakistan, Yugoslavia

American Management Association meetings planned for the end of January will consider recent developments in Pakistan and Yugoslavia, and their importance to U.S. businessmen.

Among the speakers at the briefing session on Doing Business In and With Pakistan, to be held Jan. 31-Feb. 2 at AMA headquarters, New York City, will be S. David Horner, director of the Department of Commerce's Investment Resources Division.

Arthur Laemmerzahl, Yugoslav Desk Officer of Commerce's Office of Regional Economics, is scheduled to speak at the orientation seminar on Yugoslavia Jan. 29-30 at the Barbizon-Plaza Hotel, New York City. General theme of the seminar is New Trade Possibilities Through Economic Reform.

For further information, **write:** American Management Assn., Inc., 135 West 50th St., New York, N.Y. 10020.

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The firms and individuals in the following lists are interested in trade relations with U.S. businessmen. The commodities in which they have expressed interest are indicated by the numbers preceding the commodity classification. These numbers refer to the Standard Industrial Classification (SIC) Manual, which is available for $2.50 a copy from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Every effort is made to include only firms or individuals with good reputations. However, the Department of Commerce cannot be responsible for any trade relations.

The listing in INTERNATIONAL COMMERCE of opportunities to trade in specific commodities and technical data does not necessarily imply approval of their export by the U.S. Department of Commerce pursuant to the U.S. Export Control Act. For applicable export licensing regulations and policies, see the Comprehensive Export Schedule or consult the Bureau of International Commerce's Office of Export Control or any Department of Commerce Field Office.

- ● indicates that the trade opportunity represents a request for bids by a foreign government agency. A (★) following indicates that additional information may be borrowed by firms located in the U.S. from the Business and Defense Services Administration (BDSA), U.S. Department of Commerce, Washington, D.C. 20230; telephone numbers indicated. To avoid delay, requests for loan material should specify country and commodity.
- ★★ indicates opportunities obtained by U.S. trade missions to other countries. A (★) following these indicates that additional information may be obtained by writing the Trade Opportunities Staff, BDSA-624, U.S. Department of Commerce, Washington, D.C. 20230. The TM (trade mission) number is requested in correspondence. Requests for loan material should specify country and TM number.
- **WTD** indicates that a World Trade Directory report is available on the foreign firm for which the trade opportunity is listed. These reports, indicating type of organization, sales territory, size of business, sales volume, trade and financial reputation, and other factors, are available for $2 each from the Bureau of International Commerce, BIC-924, U.S. Department of Commerce, Rm. 6059. Telephone: 202-967-4203. The date following the letters WTD refers to the date of issuance of the report. If WTD is in preparation, action will be completed on a priority basis upon receipt of request specifically identifying the trade opportunity involved.

Sales Leads for Exporters

Listed below are companies interested in buying U.S. products. Direct purchases are wanted unless a desire for an agency agreement is expressed.

203 Canning, preserving foods

GERMANY—Canned seafood, vegetables, fruits. Direct purchase and agency. Richard Paul Gembrys (importer, wholesaler, agent), 2000 Hamburg 22, Maxstrasse 23. WTD 9/67.

NETHERLANDS—Canned fruits (including sugar content) and fish. Requests c.i.f. quotations Amsterdam. "Scope" Handelsonderneming (importer, agent, wholesaler), 151 O.Z. Voorburgwal, P.O. Box 1218, Amsterdam. WTD 12/67.

Canned California fruits, vegetables; fruit and vegetable juices; Alaska crabmeat and salmon; condensed soups; food dressings. Pur Sang (sales agent), 151 O.Z. Voorburgwal, Amsterdam. WTD 12/67.

SWITZERLAND—Baby food. Agency and direct purchase. Amidro (importer, distributor), Attn: Mr. Hans Christen, Rennweg 62, 2501 Biel. WTD in preparation.

204 Grain mill products

SWITZERLAND—Cat, dog food; pet foods. Agency and direct purchase. Amidro (importer, distributor), Attn: Mr. Hans Christen, Rennweg 62, 2501 Biel. WTD in preparation.

205 Bakery products

NETHERLANDS—Biscuits, related products. Direct purchase and agency. Requests sugar content. C.i.f. Amsterdam prices. "Scope" Handelsonderneming (importer, agent, wholesaler), 151 O.Z. Voorburgwal, P.O. Box 1218, Amsterdam. WTD 12/67.

207 Confectionery

NETHERLANDS—Confectionery. Direct purchase and agency. Requests sugar content. C.i.f. Amsterdam prices. "Scope" Handelsonderneming (importer, agent, wholesaler), 151 O.Z. Voorburgwal, P.O. Box 1218, Amsterdam. WTD 12/67.

208 Beverage industries

SWEDEN—Soft drinks, bottled or canned, branded. Direct purchase and agency. Brandt & Co., AB G. (agent, exporter, importer), Birger Jarlsgatan 37, Stockholm. WTD 10/67.

220 Textile mill products

SWEDEN—Upholstery; curtain, related fabrics; cotton, man-made fiber, wool. Direct purchase and agency. J. Bourghardts Fabriker (agency), Skarsgatan 86, Goteborg. WTD 12/14/67.

221 Broad woven fabric mills, cotton

MOROCCO—Sail cloth, polyester. Direct purchase and agency. Quotations c.i.f. Casablanca. S. T. Gracovestky (importer), 24, Rue Guillotte, Casablanca. WTD 12/67.

223 Broad woven fabric mills, wool

UGANDA—Blankets and blanketings of wool, mohair and similar fibres, made in weaving mills. Jeraj Shariff & Co. (importer, wholesaler), P.O. Box 42, Jinja. WTD 12/67.

228 Yarn, thread mills, products

MOROCCO—Yarn, polyester, dacron, continued, 45 deniers to 450 deniers, all colors and unbleached; yarn, rayon viscose or acetate, continued 100 deniers to 400 deniers, all colors and unbleached; yarn, polyester, discontinued, dacron-viscose, dacron-wool, dacron-cotton, metric numbers 34/2 to 100/2, all colors and unbleached. Quotations c&f Casablanca or f.o.b. New York. Tismar, textile weaving mill, 26, Rue Mostafa el Maani, B.P. 54, Casablanca. WTD 12/67.

229 Textile goods

MOROCCO—Yarn: metallic, polyester, 0.40 millimeter, all colors. Quotations c.i.f. Casablanca. Tismar (textile weaving mill), 26, Rue Mostafa el Maani, B.P. 54, Casablanca. WTD 12/67.

Rope, nylon. Direct purchase and agency. Quotations c.i.f. Casablanca. S. T. Gracovetsky (importer), 24, Rue Guillotte, Casablanca. WTD 12/67.

239 Fabricated textile products

MOROCCO—Nets, fishing, all types. Direct purchase and agency. Quotations c.i.f. Casablanca. S. T. Gracovetsky (importer), 24, Rue Guillotte, Casablanca. WTD 12/67.

243 Millwork, veneer, plywood, prefabricated structural wood products

FRANCE—Hardwood panels, plywood, doors, windows and screens. Direct purchase and agency. Comptoir des Materiaux Modernes (importing wholesaler), 26 Faubourg de Montbeliard, 90 Belford. WTD 12/67.

264 Converted paper, paperboard

SWITZERLAND—Cleansing tissues, diapers, facial tissues, sanitary paper products. Agency and direct purchase. Amidro (importer, distributor), Attn: Mr. Hans Christen, Rennweg 62, 2501 Biel. WTD in preparation.

281 Industrial chemicals

AUSTRALIA—Granulated carbon; mesh size 1/16" to ¼". Analysis: carbon 96% minimum; volatiles 0.5% maximum; moisture 0.1% maximum; ash 2.0% maximum; sulphur 1.0% maximum. Volatile and moisture to be as low as possible to prevent severe metal agitation when adding to an electric induction furnace. Quotes in quantities of 1 to 5 tons (approximate use 3 tons per month), also advise delivery position. Purchase Dept., Toowoomba Foundry Pty. Ltd. (engineers), P.O. Box 109, Toowoomba 4350. WTD in preparation.

LEBANON—Industrial chemicals. Seeks to act as regional representative working on commission basis covering Middle East, North Africa. Middle East Technical, Industrial & Trading Office (Metito) (importer, commission merchant, agent), Riad Solh Sq., Ghandour Bldg., P.O. Box 2109, Beirut. WTD 3/67.

MARTINIQUE—Approximately 250 tons per year of aluminum sulfate (17%) in granular form, calcium hypochlorite for treatment of water in public water systems. Information on prices desired by mid-January to meet bid dead-line. Rene and Henry Dormoy (wholesaler), P.O. Box 472, Fort-de-France. WTD 3/67.

283 Drugs

UGANDA—Pharmaceutical preparations. Jeraj Shariff & Co. (importer, wholesaler), P.O. Box 42, Jinja. WTD 12/67.

284 Soap, detergents, cleaning preparations; perfumes, cosmetics

SWITZERLAND—Perfumes, cologne, face and skin creams, men's cosmetics, toiletries, bath cosmetics, deodorants, intimate hygiene; preparations for care of feet, hair, mouth and teeth; shaving toiletries; sun protection; protection preparations against mosquitoes, flies; soaps, massage products; sanitary preparations; car and shoe polishes; floor cleaning preparations and polishes; textile care preparations (household); baby care products, other household druggists' products. Agency and direct purchase. Amidro (importer, distributor), Attn: Mr. Hans Christen, Rennweg 62, 2501 Biel. WTD in preparation.

UGANDA—Soap, detergents, cleaning preparations, perfumes, cosmetics, other toilet preparations. Jeraj Shariff & Co. (importer, wholesaler), P.O. Box 42, Jinja. WTD 12/67.

285 Paints, varnishes, lacquers, enamels

SWITZERLAND—Paints, varnishes, lacquers, enamels, water colors, related products; aerosol, as sold by druggists. Agency and direct purchase. Amidro (importer, distributor), Attn: Mr. Hans Christen, Rennweg 62, 2501 Biel. WTD in preparation.

287 Agricultural chemicals

NETHERLANDS—Plant protection chemicals. Algra N.V. (importer), 66 Oostersingel, Leeuwarden. WTD 12/67.

289 Chemical products

LEBANON—Water and sewage treating compounds. Seeks to act as regional representative working on commission basis covering Middle East, North Africa. Middle East Technical, Industrial & Trading Office (Metito) (importer, agent, commission merchant), Riad Solh Sq., Ghandour Bldg., P.O. Box 2109, Beirut. WTD 3/67.

295 Paving, roofing materials

BELGIUM—Waterproof materials for roofing purposes. Usines Pol Madou (manufacturer, distributor, importer), 77 Gaardeniersweg, Ghent. WTD 12/67.

301 Tires, tubes

UGANDA—Cycle tires, inner tubes. Jeraj Shariff & Co. (importer, wholesaler), P.O. Box 42, Jinja. WTD 12/67.

307 Plastic products

FRANCE—Roofing, flooring, drainage, other plastic building materials. Direct purchase and agency. Comptoir des Materiaux Modernes (importing wholesaler), 26 Faubourg de Montbeliard, 90 Belfort. WTD 12/67.

311 Leather tanning, finishing

GERMANY—Suede, nappa leather of sheep, goat skin suitable for manufacture of coats, jackets. Direct purchase and agency. Leder-Laag (importer, exporter, wholesaler), 28 Bremen, Altenwall 27, P.O. Box 791. WTD in preparation.

323 Glass products

BELGIUM—Thermic insulation for roofing purposes. Usines Pol Madou (manufacturer, distributor, importer), 77 Gaardeniersweg, Ghent. WTD 12/67.

326 Pottery, related products

UGANDA—Vitreous china table, kitchen articles; fine earthenware (whiteware) table, kitchen articles. Jeraj Shariff & Co. (importer, wholesaler), P.O. Box 42, Jinja. WTD 12/67.

327 Concrete, gypsum, plastic products

● **PERU**—The Lima Light and Power Co. invites bids for the fabrication, supplying and mounting of reinforced concrete pipe and distributors for the waterfall of the Central Hidroelectrica of Matucana. Bid deadline Feb. 29.

The total weight will be approximately 1,900 tons with a diameter between 1.5 meters and 1.90 meters, a length of about 1,670 meters, and a fall of 1,100 meters. The work must start Jan. 1, 1969.

Interested firms should contact: Motor-Columbus-Lima, Huancavelica 279, Edificio Atlas 10° Piso, Lima.

329 Abrasive, asbestos, nonmetallic mineral products

FRANCE—Roofing shingles, floor, wall tiles, mineral wool, other building materials. Direct purchase and agency. Comptoir des Materiaux Modernes (importer, wholesaler), 26 Faubourg de Montbeliard, 90 Belfort. WTD 12/67.

342 Cutlery, hand tools, general hardware

SWITZERLAND—Sheet metal working hand tools, files and rasps. Direct purchase and agency. Gebrueder Spiegel (importer, distributor), Nationalstrasse 28/30, Postfach, 8280 Kreuzlingen. WTD 12/67.

343 Heating apparatus, plumbing fixtures

GREECE—Convectors, central heating. Requests information, prices. Direct purchase and agency. G. Kopatsaris & N. Ziannas (importer, agent), 30 Vasileos Irakliou St., Thessaloniki. WTD 12/67.

PORTUGAL—Incinerators for garbage, waste disposal, gas domestic type. A. Ferreira—Estores Laminex (manufacturer), Rua Maria da Fonte 13-C, Lisbon. WTD in preparation.

344 Fabricated structural metal products

FRANCE—Iron, steel, aluminum roofing; siding, drainage materials; other prefabricated building parts. Direct purchase and agency. Comptoir des Materiaux Modernes (importing wholesaler), 26 Faubourg de Montbeliard, 90 Belfort. WTD 12/67.

MARTINIQUE—Materials for aluminum-glass windows, doors for homes, office and industrial buildings. Casimir Petit, Bellevue Jalousies (construction work), P.O. Box 406, Fort-de-France. WTD 12/67.

NIGERIA—Sectionalized bulk water storage tanks. Bewac, British Engineering West Africa Corp. (importer, retailer), Building Materials and Hardware Division, Private Mail Bag 1016, Apapa. WTD in preparation.

Late Leads—Information received too late to be of value to bidders is published because many readers will find it of value in follow-up campaigns to sell complementary products and subsidiary services. Sometimes a cable to an agent on the scene will result in tie-in sales.

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351 Engines, turbines

GERMANY—Gasoline engines, small, heavy; diesel- and semi-diesel engines, small, heavy; parts and accessories for internal combustion engines. Direct purchase and agency. Beckmann K.G. (importer, exporter, wholesaler, manufacturer), 2000 Hamburg 13, Papendamm 2. WTD 11/67.

MOROCCO—Engines, marine, diesel, high-rate, low-rate. Direct purchase and agency. Quotations c.i.f. Casablanca. S. T. Gracovetsky (importer), 24, Rue Guillotte, Casablanca. WTD 12/67.

352 Farm machinery

SWEDEN—Garden equipment such as lawn mowers, garden tractors, cultivators. Direct purchase and agency. AB N. O. Ronne Fack (importer, sales agent), Sundsvall 1. WTD 7/67.

353 Construction, mining, materials handling machinery, equipment

● **AUSTRALIA**—Supply of six belt conveyors, modifications to existing three conveyors, electrical equipment, fire service system, and auxiliary plant for open cut coal mine. Tender No. 67/92, bid deadline Feb. 19. The State Electricity Commission of Victoria, Monash House, 15 William St., Melbourne 3000, Victoria.

Tenders may be obtained from: Tender Box, Ground Fl., 15-27 William St., Melbourne 3000, Victoria.

★★ **BRAZIL**—Construction, mining, road building equipment. Trapel Tratores Pecas S.A. (importer), Rua Conselheiro Jose Alfredo 496, Sao Paulo. WTD 12/66. TM-95.

FRANCE—Test boring equipment, pilot drills designed for exploration at any level or depth

of soils, subsoils of all types. Equipment should be suitable for use by foundation analysts and drilling contractors, up-to-date, and designed for such operations as statical or dynamical soil-penetration tests; earth-boring and sampling (dry sampling of undisturbed material, non-rehandled minerals); core-drilling and related services. Descriptive literature, price lists requested. Requests replies in French. Mas, H.E., Entreprise Generale, (engineering, contracting), B.P. No. 13; 64- Lacq, Basses-Pyrenees. WTD 12/11/67.

LEBANON—Oil field machinery and equipment. Seeks to act as regional representative working on commission basis covering Middle East, North Africa, Middle East Technical, Industrial & Trading Office (Metito) (importer, agent, commission merchant), Riad Solh Sq., Ghandour Bldg., P.O. Box 2109, Beirut. WTD 3/67.

354 Metalworking machinery

BRAZIL—Rolling mill machinery, equipment to produce hot rolled thin plates, 50,000 ton/year, cold rolled thin plates, 40,000 ton/year, tinplate, 55,000 ton/year, through continuous casting process. Usina Siderurgica da Bahia S.A.—Usiba (manufacturer), Rua da Grecia 8, Edif. Serra da Raiz, s/505/506, Salvador, Bahia. WTD in preparation.

MALAYSIA—Machinery for manufacture from forged parts to finished products of track links, top, bottom roller shells, idlers, sprockets, shafts, bushings for rollers and idlers. Mr. NG Geok Tian, Union Motor Supply Co. (importer, wholesaler, retailer, indent agent), 41 J n Silang, Kuala Lumpur. WTD 12/67.

PORTUGAL—Machinery for manufacture of metal covering for plastic screw type caps used on cosmetic bottles. Vaga—Cosmeticos e Perfumarias, Lda. (importer, wholesaler, manufacturer), Rua S. Domingos de Benfica 39-A, Lisbon. WTD in preparation.

SWITZERLAND—Small machine tools, metalforming, cutting, and accessories, tooling; measuring devices. Agency and direct purchase. Ramseyer & Cie S.A. (manufacturer, distributor), 2525 Le Landeron. WTD 11/67.

Power driven hand tools for sheet metal working, metal beaders, power, manual sheet metal forming and bending machines. Direct purchase and agency. Gebrueder Spiegel (importer, distributor), Nationalstrasse 28/30, Postfach, 8280 Kreuzlingen. WTD 12/67.

355 Special industry machinery

AFGHANISTAN—Complete set of raisin processing equipment including washing, packing machines capable of handling one to one and a half tons of raisins per hour. Bakhtar Ltd. Co. (importer, exporter), Saraye Abdul Rahman, Kabul. WTD in preparation.

★★ **BRAZIL**—Machinery, wood working, for use in manufacture of parquet floors, other wood products. Com. e Ind. de Madeiras Vontobel Ltda. (manufacturer, wholesaler, retailer), Girua, RGS. WTD 6/67. TM-31.

★★ Bakery, completely equipped, designed and erected, to produce sliced "pullman" loaf bread, other bakery products. Minimum capacity 800 to 1,000 kg. flour per hour. Requests quotations. Madeira Jamal Ltda. (manufacturer), Rua do Gazometro 353, Sao Paulo. WTD 4/67. TM-60.

★★ Machinery for production of corrugated cartons of all sizes; bags made of plastic, plastic cotton or plastic jute in sizes ½ kilo to 30 kilos capacity; paper, semi-kraft; kraft paper for 15, 20, 25, 30, 50 and 60 kilos capacity. Fiat Lux de Fosforos de Seguranca (manufacturer), Caixa Postal 951, Recife, Pernambuco. WTD 5/67. TM-9.

CAMEROUN—Equipment necessary to operate cannery processing ca. 5,000 tons of fresh pineapples per year to produce ca. 2,000 tons of canned, sliced pineapple and 1,000 tons of pineapple juice or preserves; heating by oil or gas; year-round operation. Quotations c.i.f. Douala. Requests replies in French. M. Wolf D. Bausch, Conseiller Economique aupres du Ministere du Plan et du Developpement (government agency), B. P. 501, Yaounde.

ETHIOPIA—Bookbinders' machinery, supplies. Haile Selassie I University, Attn: Kebede Semegne, Dir. Purchasing and Store Dept. P.O. Box 1176, Addis Ababa.

NETHERLANDS—Plastics, rubber working machinery, implements. Direct purchase and agency. Plastima N.V. Verkoopkantoor van Machines voor de Plasics- en rubberindustrie (manufacturer, importer, exporter), 21 Kleine Gartmanplantsoen, Amsterdam. WTD 12/67.

356 General industrial machinery

NEW ZEALAND—High pressure gas compressors for use on Kapuni Natural Gas Project. Total installation approximately 1500 h.p. made up of 300 to 500 h.p. units. Propose using British gas reciprocating engines as prime movers. Range of engines available giving suitable outputs at speeds of 500, 600, 750 and 900 r.p.m. Delivered pressure is 1250 p.s.i.g. while suction pressure is 600 p.s.i.g. Fluid is natural gas with an H.C.V. of 1175 B.T.U. per cu. ft. and specific gravity compared with air of 0.7. Delivery will be an eight inch diameter, and firm intends to assemble a packaged unit, which could be delivered and bolted down ready to run. Preliminary information, approximate prices required. Hawker Siddeley International New Zealand Ltd. (aircraft engineers), Mr. A. M. McGhie, Industrial Sales Manager, Tirangi Road, P.O. Box 14066, Kilbirnie, Wellington. WTD 10/67.

● **SUDAN**—Supply of 750 ceiling fans, with a 12,000 c.f.m. capacity. Tender No. 3858, bid deadline Jan. 25. Sudan Railways, Stores Dept., Controller of Stores, P.O. Box 65, Atbara.★ (Telephone: 202-967-5585).

SWITZERLAND—Miniature, instruments, ball bearings of high precision; ball, roller bearings for construction machinery. Direct purchase and agency. Eric Meylan (importer, distributor), 9 Vieux-Grenadiers, 1211 Geneva 4. WTD 12/5/67.

● **TURKEY**—Supply of 232 vertical, multistage, submersible pumps for 6-inch diameter well casings. Tender No. 67-25/10, bid deadline Feb. 2. Koy Isleri Bakanligi, Yol, Su. Elektrik Isleri Genel Mudurlugu, Ulus, Ankara (The Ministry of Rural Affairs). Tender documents are available from the above address.

357 Office, computing, accounting machines

● **BOLIVIA**—Supply of electronic data processing equipment for the Bolivian National Railways. Bid deadline Jan. 26. Terms and specifications in Spanish. Correspondence preferred in Spanish. Empresa Nacional de Ferrocarriles, Seccion- Adquisiciones, La Paz.★ (Telephone: 202-967-2939).

358 Service industry machines

LEBANON—Water, sewage treating equipment. Seeks to act as regional representative working on commission basis covering Middle East, North Africa. Middle East Technical, Industrial & Trading Office (Metito) (importer, agent, commission merchant), Riad Solh Sq., Ghandour Bldg., P.O. Box 2109, Beirut. WTD 3/67.

363 Household appliances

GREECE—Household electrical appliances. Catalogs, c.i.f. Piraeus price quotations desired. N. Cookolias & Co. Ltd. (importer, distributor, retailer), 117 Alkiviadou St., P.O. Box 96, Piraeus. WTD 11/67.

Disposers, waste food, household. Requests information, prices. Direct purchase and agency. G. Kopatsaris & N. Ziannas (importer, agent), 30 Vasileos Irakliou St., Thessaloniki. WTD 12/67.

MOROCCO—Electric household appliances, including cooking, laundry equipment, electric housewares, fans, sewing machines, except refrigerators. Direct purchase and agency. Quotations c.i.f. Casablanca. Ets. Ghami (importer agent), 22, Rue Colbert, Casablanca. WTD 12/67.

364 Electric lighting, wiring equipment

FRANCE—Connectors, terminals for electrical devices. Manufacture des Alpes Francaises (manufacturer), 38 Chimilin (Isere). WTD 12/12/67.

NETHERLANDS—All types of lighting equipment such as flashlights, floodlights, warning and barricade lights for use by merchant marine, armed forces, police and fire departments, airline companies, garages, petrochemical industry. Mitralux-Nederland (sales agent, importer), 4 Vermeerlaan, Naarden. WTD 12/67.

365 Radio, television receiving sets

MOROCCO—Radio receiving sets, portable, transistorized; tape recorders, record players. Direct purchase and agency. Quotations c.i.f. Casablanca. Ets. Chami (importer, agent), 22, Rue Colbert, Casablanca. WTD 12/67.

366 Communication equipment

MOROCCO—Navigational electronic equipment, radars, sonar equipment, underwater sound equipment, all instruments & apparatus concerning navigation. Also equipment especially designed for detecting shoals of fish. Direct purchase and agency. Quotations c.i.f. Casablanca. S. T. Gracovetsky (importer), 24, Rue Guillotte, Casablanca. WTD 12/67.

369 Electrical machinery, equipment, supplies

MOROCCO—Batteries, primary, dry for flashlights, lanterns, radios. Direct purchase and agency. Quotations c.i.f. Casablanca. Ets. Chami (importer agent), 22, Rue Colbert, Casablanca. WTD 12/67.

386 Photographic equipment

MOROCCO—Cameras, still & motion-picture, all types. Direct purchase and agency. Quotations c.i.f. Casablanca. Ets. Chami (importer agent), 22, Rue Colbert, Casablanca. WTD 12/67.

SWEDEN—Photocopy equipment, reproduction cameras and projectors, as well as all kinds of material connected with these apparatus. Direct purchase and agency. Holst AB,

I.G. (agent, distributor, importer), Regeringsgatan 80-86, Stockholm. WTD 12/67.

387 Watches, clocks, parts

MOROCCO—Wrist-watches, clocks, alarm-clocks, all models. Direct purchase and agency. Quotations c.i.f. Casablanca. Ets. Chami (importer agent), 22, Rue Colbert, Casablanca. WTD 12/67.

391 Jewelry, silverware, plated ware

UGANDA—Jeraj Shariff & Co. (importer, wholesaler), P.O. Box 42, Jinja. WTD 12/67.

394 Toys, amusement, sporting goods

MOROCCO—Toys, all types including scale models. Direct purchase and agency. Quotations c.i.f. Casablanca. Ets. Chami (importer agent), 22, Rue Colbert, Casablanca. WTD 12/67.

396 Costume jewelry, novelties, buttons, notions

MOROCCO—Costume jewelry; zippers, slide fasteners, all models. Direct purchase and agency. Quotations c.i.f. Casablanca. Ets. Chami (importer agent), 22, Rue Colbert, Casablanca. WTD 12/67.

399 Manufacturing industries

JAPAN—Novelty, souvenir items for tourists, such as statuary, trinkets, charms, regional folk craft. Nagai Trading Co. Ltd. (importer, exporter), 21-17 Akasaka 3-chome, Minato-ku, Tokyo. WTD in preparation.

Australia invites bids for construction, operation of airport terminal

The Government of Australia is offering tenders for the construction and operation of a terminal building commercial center at Moorabbin Airport in Victoria.

Bid deadline is Feb. 29.

Detailed information on this project may be obtained from: Australian Civil Air Attache, Australian Embassy, 1735 I St., N.W., Wash., D.C. 20006 or Mr. R. Doyle, Business Representative, Business and Property Section, 188 Queen St., Melbourne 3000, Victoria.

One copy of the tender notice, along with pertinent forms and a plan of the airport site, is available for office review, and one copy is available on a loan basis from the Building Materials and Construction Industries Division, Room 4014, BDSA-564, U.S. Department of Commerce, Washington, D.C. 20230. Telephone: 202-967-3602.

Iranian Government seeks bids for bobbins of cellulose films

Iranian Tobacco Monopoly, Tehran, Iran, has issued a request for bids (Tender No. 81769) with a bid deadline 9 a.m., Feb. 19, for 57,900 bobbins of cellulose films. Copies of tender are available on a loan basis to firms located in the United States from the Chemicals and Allied Products Division, BDSA, U.S. Department of Commerce, Washington, D.C. 20230. Telephone: 202-967-3529.

Turkey invites bids for city gas tank

The Power, Gas, and Bus Administration of the City of Ankara is seeking bids on a 60,000 cubic meters city gas tank. Specifications for the tank include filling time 10 hours at 0.1 atm-pressure, discharge under 500 mm. wg. filling and discharge automatic time and pressure controlled. This is a turnkey project comprising design engineering construction, erection of facilities, and procurement of equipment.

Bid deadline is Mar. 4.

Tender documents are available from Modern Translation Bureau, Karanfil Sokak 49/1, Yenisehir, Ankara, for $24.00 including airmail postage.

Canadian awards listing available to U.S. firms

A list of firms awarded contracts by various Canadian government agencies (Transport, Public Works, Defense) during Oct. and Nov., 1967, is available on loan to U.S. firms from the U.S. Department of Commerce, Trade Opportunities Staff, BDSA-624, Washington, D.C. 20230.

Colombia flood control, other irrigation works open to bids

The Colombian Institute of Agrarian Reform has issued a request for bids on the construction of a flood control, drainage, and irrigation works project of 13,300 hectares of land located about 170 kilometers north of Cali, the Capital of the Department of Valle. The project is partially financed with Inter-American Development Bank funds.

The project is divided into four programs. Bidders can present offers on 1, 2, 3, or 4 programs. The first program consists of the construction of 18 kilometers of an irrigation canal and dike, including 18 kilometers of road surfacing on the dike, and 5 bridges. The other three programs are for the construction of the irrigation system and drainage for specific sections of the project.

Bid deadline is 2 p.m. Jan. 31.

Estimated costs are $339,938 for Program No. 1, $262,338 for Program No. 2, $331,938 for Program No. 3, and $641,662 for Program No. 4.

Specifications and conditions of tender may be obtained from the Corporacion Autonoma Regional del Cauca (CVC), Carrera 3, No. 10-60, Cali, for $93.75. All bidders must submit an Earnestness Guarantee Bank Bond of $3,077 (50,000 Colombian pesos) per program.

Sales Representation

The firms listed below are interested in representing U.S. firms in the areas indicated. Exclusive distributorship for these commodities is wanted only if specified.

222 Broad woven fabric mills, manmade fiber, silk

★★ **BRAZIL**—Textiles. J. H. Santos S. A., Com. e Ind. (importer), Praca Ruy Barbosa 57, Porto Alegre, RGS. WTD 5/67. TM-12.

281 Industrial chemicals

NETHERLANDS—All kinds of chemicals, chemical products, especially additives and laboratory chemicals. Exclusive representation for E.E.C. and E.F.T.A. countries, also interested in processing, licensing, joint-venture or other production arrangement. Internatio-Group (holding company for wholesaling, importing, distributing, subsidiaries), Attn: Mr. M. Dubbelt, 29 Westerstraat, or P.O. Box 567, Rotterdam-2. WTD 12/67.

282 Synthetic materials

★★ **BRAZIL**—Resins; tetraflouroethyline, polyethyline. Industrias Quimicas do Brasil S. A. (importer), Av. Sao Luiz 50, 16 andar, Sao Paulo. WTD 7/66. TM-50.

283 Drugs

NETHERLANDS—Supplies for druggists, hospitals, doctors, veterinaries, especially ethical and proprietary drugs, dressings. Exclusive representation for E.E.C. and E.F.T.A. countries; also interested in processing, licensing, joint-venture or other production arrangement. Internatio-Group (holding company for importing, wholesaling subsidiaries), Attn: Mr. M. Dubbelt, 29 Westerstraat, or P.O. Box 567, Rotterdam-2. WTD 12-67.

285 Paints, varnishes, lacquers, enamels

★★ **BRAZIL**—Paints. J. H. Santos S. A., Com. e Ind. (importer), Praca Ruy Barbosa 57, Porto Alegre, RGS. WTD 5/67. TM-10.

287 Agricultural chemicals

★★ **BRAZIL**—Fertilizers. J. H. Santos S. A., Com. e Ind. (importer), Prace Ruy Barbosa 57, Porto Alegre, RGS. WTD 5/67. TM-11.

306 Fabricated rubber products

NETHERLANDS—Rubber components including rubber hoses, sheets, gaskets, sponge rubber, special couplings for high pressure steam hoses, rubber products used especially in the chemical, petro-chemical, automotive, ship-building industries. Exclusive agency for Benelux. Heeneman N.V. (importer, wholesaler, manufacturer), Theresiastraat 145, The Hague. WTD 12/67.

307 Plastic products

NETHERLANDS—Plastic products including plastic hoses, sheets, gaskets for chemical, petro-chemical, shipbuilding, automotive industries. Exclusive agency for Benelux. Heeneman N.V. (importer, wholesaler, manufacturer), Theresiastraat 145, The Hague. WTD 12/67.

311 Leather tanning, finishing

NETHERLANDS—All kinds of products for footwear, leather garment industries. Agency for Benelux and/or E.E.C. countries. N.V.

Handelmaatschappij A.B.C.-Dongen (importer, distributor, exporter, agent), 65 Rijensestraatweg, or P.O. Box 50, Dongen (N.B.). WTD 11/67.

313 Boot, shoe cut stock, findings

NETHERLANDS—All kinds of products for footwear industry. Agency for Benelux and/or E.E.C. countries; also interested in licensing arrangement. N.V. Handelmaatschappij A.B.C.-Dongen (importer, distributor, exporter, agent), 65 Rijensestraatweg, or P.O. Box 50, Dongen (N.B.). WTD 11/67.

314 Footwear, except rubber

NIGERIA—Safety shoes, type used on oil drilling rigs, pull-on, ankle height. Witt & Bush Ltd. (importer, retailer), P.O. Box 17, Lagos. WTD in preparation.

331 Steel mill products

★★ **BRAZIL**—Metallurgical products. J. H. Santos S. A., Com. e Ind. (importer), Praca Ruy Barbosa 57, Porto Algre, RGS. WTD 5/67. TM-9.

NETHERLANDS—Various types of steel sheets, coils, pipes, tubes, plates, rods, wire, reinforcing rods, stainless steel, coated steel. Exclusive representation. Van Wijk & Boerma N.V. (importer, exporter, manufacturer, wholesaler), 3 Hofweg, The Hague. WTD 12/67.

332 Iron, steel foundries

NETHERLANDS—Various types of steel pipe. Exclusive representation. Van Wijk & Boerma (importer, exporter, manufacturer, wholesaler), 3 Hofweg, The Hague. WTD 12/67.

335 Rolling, drawing, extruding of nonferrous metals

NETHERLANDS—Various types of aluminum sheets, coils, pipes, tubes, extrusions, rods, wire. Exclusive representation. Van Wijk & Boerma (importer, exporter, wholesaler, manufacturer), 3 Hofweg, The Hague. WTD 12/67.

339 Primary metal industries

NETHERLANDS—Various kinds of steel forgings. Exclusive representation. Van Wijk & Boerma (importer, exporter, manufacturer, wholesaler), 3 Hofweg, The Hague. WTD 12/67.

344 Fabricated structural metal products

NETHERLANDS—Various types of steel, aluminum plates, profiles. Exclusive representation. Van Wijk & Boerma (importer, exporter, wholesaler, manufacturer), 3 Hofweg, The Hague. WTD 12/67.

347 Coating, engraving services

NETHERLANDS—Various types of clad, coated steel and steel strips. Exclusive representation. Van Wijk & Boerma (importer, exporter, wholesaler, manufacturer), 3 Hofweg, The Hague. WTD 12/67.

354 Metalworking machinery

NETHERLANDS—Special types of pneumatic or air tools especially for metalworking, construction sectors. Exclusive representation. Van Den Heuvel Technische Handelsonderneming (importer, exporter), P.O. Box 845, Apeldoornselaan 90, The Hague. WTD 12/67.

Machine tool accessories, measuring devices, novelties. Gefra, N.V., Technisch Verkoopkantoor (importer, distributor, agent), 10 Jupiterkade, The Hague. WTD 6/67.

355 Special industry machinery

BELGIUM—Choppers, grinders, pulverizers used in food and chemical industry. Bureau J. Deflandre (agent, exporter), 1 Place du Parc, Liege. WTD 11/27/67.

357 Office, computing, accounting machines

NIGERIA—Electrostatic duplicating machines, preferably from company also supplying photographic copying paper. Scan African Nigeria Ltd. (importer, retailer), 61 Broad St., P.O. Box 1792, Lagos. WTD in preparation.

358 Service industry machines

NIGERIA—Household, industrial water purification units. Bewac, British Engineering West Africa Corp., (importer, retailer), Building Materials and Hardware Div., Private Mail Bag 1016, Apapa. WTD in preparation.

362 Electrical industrial apparatus

★★ **BRAZIL**—Electrical generating equipment plus various other items. J. H. Santos S.A,. Com. e Ind. (importer), Praca Ruy Barbosa 57, Porto Alegre, RGS. WTD 5/67. TM-7.

366 Communication equipment

★★ **BRAZIL**—Telecommunications equipment. J. H. Santos S.A., Com. e Ind. (importer), Praca Ruy Barbosa 57, Porto Algere, RGS. WTD 5/67. TM-8.

367 Electronic components, accessories

NETHERLANDS—Industrial, military electronic components for replacements, installation and laboratory uses, such as capacitors types: CB, CC, CL, CM, CP, CS, CY; resistors types: RB, RC, RL, RN, RW; cable and connectors types: RG, UG; fuses and holders types: MS, FHN. Short-form catalogues requested. Kreisler-Import (importer, factory agent), Mariastraat 76, The Hague. WTD in preparation.

Industrial and military electronic components for replacements, installation and laboratory uses, such as potentiometers, types: RV, RT; tubes and semiconductors; lamps, pilot, neon, miniature; switches. Short-form catalogues requested. Kreisler-Import (importer, factory agent), Mariastraat 76, The Hague. WTD in preparation.

386 Photographic equipment, supplies

HONG KONG—Paper for dry photostatic copy machines, letter and legal size. Exclusive agency. Parkson & Co. (importer, distributor, exporter), P.O. Box 1156. WTD 5/25/67.

521 Lumber, building materials

NIGERIA—Non-slip, adhesive backed paper, suitable for use on oil drilling rigs. Witt & Bush Ltd., P.O. Box 17, Lagos. WTD in preparation.

Government of Uganda invites bids for building materials

The Ministry of Works, Communications and Housing invites bids on their requirements for building materials, hardware, ironmongery, glass, etc. for the 12 month period commencing July 1.

Bid deadline is Jan. 31.

Copies of the tender documents listing the products involved are available from the Building Materials and Construction Industries Division, BDSA-564, Room 4014, U.S. Department of Commerce, Washington, D.C. 20230. Telephone 202-967-3602.

Iran Tobacco Monopoly asks bids on acetate filter rods

The Iranian Tobacco Monopoly, Teheran, has issued a request for bids (Tender No. 83397) with a bid deadline of 9 a.m. Feb. 26, for 615 million acetate filter rods. Copies of tender are available on a loan basis to firms located in the United States from the Chemicals and Allied Products Division, BDSA, Department of Commerce, Washington, D.C. 20230. Telephone 202-967-3529.

U.S. DEPARTMENT OF COMMERCE—FIELD OFFICES

ALBUQUERQUE, N. MEX., 87101, U.S. Courthouse. Area Code 505 Tel. 247-0311.

ANCHORAGE, ALASKA, 99501, 306 Loussac-Sogn Building. Area Code 907 Tel. 272-4331.

ATLANTA, GA., 30303, 4th Floor Home Savings Building, 75 Forsyth St. N.W. Area Code 404 Tel. 526-6000.

BALTIMORE, MD., 21202, 305 U.S. Customhouse, Gay and Lombard Sts. Area Code 301 Tel. 962-3560.

BIRMINGHAM, ALA., 35205, Suite 200-201, 908 South 20th St. Area Code 205 Tel. 325-3327.

BOSTON, MASS., 02203, Room 510, John Fitzgerald Kennedy Federal Bldg. Area Code 617 Tel. 223-2312.

BUFFALO, N.Y., 14203, 504 Federal Building, 117 Ellicott St. Area Code 716 Tel. 842-3208.

CHARLESTON, S.C., 29403, Federal Building—Suite 631, 334 Meeting St. Area Code 803 Tel. 577-4171.

CHARLESTON, W.VA., 25301, 3002 New Federal Office Building, 500 Quarrier St. Area Code 304 Tel. 343-6196.

CHEYENNE, WYO., 82001, 6022 Federal Building, 2120 Capitol Ave. Code 307 Tel. 634-3970.

CHICAGO, ILL., 60604, 1486 New Federal Building, 219 South Dearborn St. Area Code 312 Tel. 353-4400.

CINCINNATI, OHIO, 45202, 8028 Federal Office Building, 550 Main St. Area Code 513 Tel. 684-2944.

CLEVELAND, OHIO, 44101, 4th Floor, Federal Reserve Bank Building, East 6th St. and Superior Ave. Area Code 216 Tel. 522-4750.

DALLAS, TEX., 75202, Room 1200, 1114 Commerce St. Area Code 214 Tel. 749-3287.

DENVER, COLO., 80202, 16419 Federal Building, 20th and Stout Sts. Area Code 303 Tel. 297-3246.

DES MOINES, IOWA, 50309, 609 Federal Bldg., 210 Walnut St. Area Code 515 Tel. 284-4222.

DETROIT, MICH., 48226, 445 Federal Building. Area Code 313 Tel. 226-6088.

GREENSBORO, N.C., 27402, 258 Federal Bldg., W. Market St. P.O. Box 1950. Area Code 919 Tel. 275-9111.

HARTFORD, CONN., 06103, 18 Asylum St. Area Code 203 Tel. 244-3530.

HONOLULU, HAWAII, 96813, 202 International Savings Building, 1022 Bethel St. Tel. 588-977.

HOUSTON, TEX., 77002, 3102 Federal Building, 515 Rusk Ave. Area Code 713 Tel. 228-0611.

JACKSONVILLE, FLA., 32202, P.O. Box 35087, 400 West Bay St. Area Code 904 Tel. 791-2796.

KANSAS CITY, MO., 64106, Room 2011, 911 Walnut St. Area Code 816 Tel. 374-3141.

LOS ANGELES, CALIF., 90015, Room 450, Western Pacific Building, 1031 South Broadway. Area Code 213 Tel. 688-2833.

MEMPHIS, TENN., 38103, 345 Federal Office Building, 167 North Main St. Area Code 901 Tel. 534-3214.

MIAMI, FLA., 33130, Rm. 821, City National Bank Bldg., 25 W. Flagler St. Area Code 305 Tel. 350-5267.

MILWAUKEE, WIS., 53203, Straus Building, 238 West Wisconsin Ave. Area Code 414 Tel. 272-8600.

MINNEAPOLIS, MINN., 55401, 306 Federal Building, 110 South Fourth St. Area Code 612 Tel. 334-2131.

NEW ORLEANS, LA., 70130, 909 Federal Office Building, South, 610 South St. Area Code 504 Tel. 527-6546.

NEW YORK, N.Y., 10001, 61st Floor, Empire State Building, 350 Fifth Ave. Area Code 212 Tel. 563-3377.

PHILADELPHIA, PA., 19107, Jefferson Building, 1015 Chestnut St. Area Code 215 Tel. 597-2850.

PHOENIX, ARIZ., 85025, 3413 New Federal Building, 230 North First Ave. Area Code 602 Tel. 261-3285.

PITTSBURGH, PA., 15222, 2201 Federal Building, 1000 Liberty Ave. Area Code 412 Tel. 644-2850.

PORTLAND, OREG., 97204, 217 Old U.S. Courthouse, 520 S.W. Morrison St. Area Code 503 Tel. 226-3361.

RENO, NEV., 89502, 2028 Federal Building, 300 South St. Area Code 702 Tel. 784-5203.

RICHMOND, VA., 23240, 2105 Federal Building, 400 North 8th St. Area Code 703 Tel. 649-3611.

ST. LOUIS, MO., 63103, 2511 Federal Building, 1520 Market St. Area Code 314 Tel. 622-4243.

SALT LAKE CITY, UTAH, 84111, 3235 Federal Building, 125 South State St. Area Code 801 Tel. 524-5116.

SAN FRANCISCO, CALIF., 94102, Federal Building, Box 36013, 450 Golden Gate Ave. Area Code 415 Tel. 556-5864.

SAN JUAN, P.R., 00902, Room 100, Post Office Bldg. Phone 723-4640.

SAVANNAH, GA., 31402, 235 U.S. Courthouse and Post Office Building, 125-29 Bull St. Area Code 912 Tel. 232-4321.

SEATTLE, WASH., 98104, 809 Federal Office Building, 909 First Ave. Area Code 206 Tel. 583-5615.

Mexico announces bids on irrigation works project

The Secretariat of Hydraulic Resources has announced bids for construction of IDB-financed works in the irrigation zone of Santa Elena Storage Dam, Municipio de Suchil, State of Durango, Mexico.

The project includes the following: canals—excavation of whatever material: 83,200 cubic meters; formation of embankment: 48,000 cubic meters; concrete lining of canals: 14,000 cubic meters; concrete structures: 250 cubic meters; and masonry structures: 875 cubic meters. Registration deadline Feb. 3.

Interested companies may contact directly or through agent in Mexico: Jefatura de Irrigacion y Control de Rios, Direccion de Pequena Irrigacion, 7th fl., Pases de la Reforma 69, Mexico D.F.; or: Gerencia General de Recursos Hidravlicos, Libertad 312 Norte, Durango. For more information and registration forms, firms must send payment of 50 pesos ($4.00) to either of the above agencies.

Leads for Importers

Commodities are offered direct unless specified

011 Field crop farms

ETHIOPIA—Sesame seeds, bagged; impurities not greater than 3%. African Sales Power & Agency, Ltd. (exporter), P.O. Box 718, Addis Ababa. WTD 3/67.

019 Commercial farms

MOROCCO—Narcissus bulbs, other varieties of bulbs including sea-onions. Prices available upon request. Jean Borot (exporter), 144, Rue Dumont d'Urville, Casablanca. WTD 12/67.

201 Meat products

★★ **BRAZIL**—Beef: frozen. Can ship 100 tons every three months. Cooperativa Castilhense de Carnes e Derivados Ltda. (manufacturer), Av. Joao Pessoa 1029, Conj. 24, C. Postal 2487, Porto Alegre, RGS. WTD 6/67. TM-26.

208 Beverage industries

FRANCE—Cognac brandy in 75-centiliter glass-bottles and/or wooden casks, other categories of French brandies, available for exportation, sale in territory not covered by firm's agents. Hardy (A. & Co.) (producer, wholesaler, exporter), Rue Basse-de-Crouin; 16- Cognac, Charente. WTD 4/67.

221 Broad woven fabric mills, cotton

MOROCCO—Brocades and fancy fabrics. Samples, prices are available upon request. Tismar, textile weaving mill, 26, Rue Mostafa el Maani, B.P. 54, Casablanca. WTD 12/67.

229 Textile goods

BRAZIL—Jute goods. Juteira Lustoza S.A. (exporters), 105, Rua da Instalacao, Manaus, Amazonas. WTD 12/67.

233 Women's, misses', juniors' outerwear

MOROCCO—Women's dresses, Moroccan style called "caftans". Samples, prices available upon request. Tismar, textile weaving mill, 26, Rue Mostafa el Maani, B.P. 54, Casablanca. WTD 12/67.

242 Sawmills, planing mills

MALAYSIA—Malayan timber; log and sawn lumber. Direct sales or through agent. James Warren & Co. Ltd. (importer, wholesaler, indent agent, exporter), 16 Jalan Chan Sow Lin, P.O. Box 288, Kuala Lumpur. WTD 12/67.

243 Millwork, veneer, plywood

MALAYSIA—Plywood. Direct sales or through agent. James Warren & Co. Ltd. (importer, wholesaler, indent agent, exporter), 16 Jalan Chan Sow Lin, P.O. Box 288, Kuala Lumpur. WTD 12/67.

323 Glass products

FRANCE—Plate-glass mirrors, large sizes, for home decoration, de luxe articles, plain and fancy, including classic and ornate wall-mirrors, door- and window-mirrors, related lines; glass-top tables for cocktail and apartment decoration, available in various shapes and sizes from 14 to 18 in. in height. Miroiterie Marly Freres (manufacturer), 213 Cours de l'Argonne; 33- Bordeaux, Gironde. WTD 4/67.

399 Manufacturing industries

MOROCCO—Moroccan Artisanal items such as hand-made rugs, hand-made leather articles, hand-bags, purses, wallets, wool blankets, antique copper goods such as guns, rifles, daggers. Prices available upon request. L'Art Marocain (exporter), Mr. Bouzoubaa Abdallah, 44, Ave. Hassan II, Fes. WTD 12/67.

Hand-made rugs, leather, brass, copper and wooden Moroccan artisanal items; also wickerworks and Moroccan type blankets, dolls dressed with Moroccan traditional clothes. Price list available upon request. Messrs. Charif Larbi El Ouazzani & Mohamed Ibn Khyat (exporters), 23, Rue Mostafa el Maani, Casablanca. WTD 12/67.

Future Construction

For maximum assistance to those interested in overseas construction projects, U.S. Foreign Service officers report them as soon as possible, often in early planning stages. Some may not reach completion as originally proposed. In such cases additional information is published as it is obtained.

ARGENTINA—The Inter-American Development Bank has extended two loans equivalent to $34 million to the Republic of Argentina to help **build or improve major roads** which will help integrate its highway system with those of Chile and Bolivia. The loans will also be devoted to the **contruction of a bridge** designed to facilitate Argentina's economic integration with Brazil and Paraguay.

The projects will be carried out by the Direccion Nacional de Vialidad, the Highway Bureau of the Dept. of Public Works responsible for the construction and maintenance of the nation's highway system.

Specifically, the projects being financed by the loans provide for: the construction, reconstruction, expansion or paving of six highway sections totaling 343 miles in three routes—9, 34 and 50—that link Buenos Aires with the Bolivian border; the construction, reconstruction, extension and paving of highway sections which link the city of Mendoza with the Chilean border, and improvement of the Argentine side of the Caracoles tunnel at the border crossing; the construction of a bridge over the Parana River and of two miles of access roads in the northern part of the zone which lies between the Parana and Uruguay Rivers in the country's northeast.

The total cost of the projects is estimated at $72.1 million. The Bank's loans will finance 47% of that cost and the Argentine Government will provide the remaining 53%.

DOMINICAN REPUBLIC—A loan equivalent to $1,950,000 has been approved by the Inter-American Development Bank to help the Dominican Republic carry out a **program to build some 89 small-town water systems which will benefit about 124,000 persons.**

The systems are to be built in towns of between 400 and 3,500 inhabitants. The first stage of the Dominican Republic's National Rural Water Plan calls for the construction of 650 systems to serve an estimated 556,000 inhabitants in communities whose population ranges from 300 to 5,000 persons.

The Bank loan will be devoted to the construction of the 89 systems, which will include the installation and construction of water intakes, pumping equipment, conduits and storage tanks. Distribution will be mainly through house connections or through public taps.

Approximately $116,000 of the loan will be devoted to additional technical assistance to finance the hiring of consultants to study up to 40 of the systems.

GUATEMALA—The Inter-American Development Bank recently extended a loan equivalent to $6 million to the Republic of Guatemala **to help build some 30 small- and medium-sized irrigation projects,** primarily in eastern and southern areas of the nation.

The projects will result in the irrigation of about 30,000 acres. The program will be devoted to expanding production of such staples as corn, beans, rice, wheat, potatoes and vegetables, which has high priority in the National Rural Development Plan under the Alliance for Progress.

Some 1,350 farm families are expected to benefit directly from the execution of the projects and some 1,000 farm workers are expected to find employment in the farms to be developed. The program, which also calls for the provision of farm extension and credit services, will be coordinated with the national access roads plan which is being carried out with the aid of a bank loan for $9 million extended in 1966.

MEXICO—The Inter-American Development Bank has approved a loan equivalent to $34.1

million to help Mexico carry out a $258 million program of **small-scale irrigation works designed to raise farm production and productivity throughout the nation** in areas totaling 760,000 acres.

The loan, along with another for $13 million extended in March 1967, will finance about 48% of the $98 million first stage of the program which calls for the construction during the next four years of 960 small works designed to improve the irrigation of some 295,000 acres. These are located in different areas of the six economic regions in which the country is divided.

VENEZUELA—A loan equivalent to $1.5 million has been authorized by the Inter-American Development Bank to **improve and expand the Universidad Catolica Andres Bello in Caracas.** The loan, which was extended within the framework of the Alliance for Progress, will help the University carry out a program designed to advance the construction and outfitting of a new university campus which has been under development since 1963, and to improve its academic and institutional level.

The project provides for establishing a university planning office and an electronic computer center; strengthening of the academic structure; constructing buildings for teaching activities and for administration; acquiring equipment for laboratories and shops; outfitting and improving the central library; expanding the full-time faculty, and hiring consulting professors.

The improvement program will enable the University to cope with expected enrollment increases of 2.000 students by 1969. The University accounts for more than 8% of the total student body enrolled in Venezuela's centers of higher learning.

Visiting Buyers and Officials

AUSTRALIA—George Harcourt Jennings, G. & J. Jennings Pty. Ltd., 23 Crimea St., St. Kilda, Victoria, interested in plants which have or have solved **air pollution problems,** current research into problems of air pollution and their solution, and requesting technical information. Mid-Jan. via Los Angeles for 4-6 weeks. c/o W. W. Sly Manufacturing Co., 4700 Train Ave. or P. O. Box 5939, Cleveland, Ohio 44101. Itinerary: Will be arranged after arrival. WTD in preparation.

D. J. Pitman, Supa-Furn, Box 60, Mt. Hawthorn, Western Australia, interested in exporting to Australia, **marketing methods, display, pricing, and requesting technical information on metal and aluminum furniture.** Jan. 3 via San Francisco through Jan. 26. c/o Australian Trade Commissioner, Los Angeles. Itinerary: 1/15-16 Washington, 1/17-21 Miami, 1/22-23 Sarasota, Tampa, 1/24-26 Los Angeles. WTD in preparation.

TURKEY—Lazar Hason, Tecim Han, Kat 2, Tomruk Cikhazi, Tahtakale, Istanbul, interested in contacting **U.S. importers of hosiery, especially men's and children's socks.** Jan. 18 via Chicago for two weeks. c/o Conrad Hilton Hotel, 720 S. Michigan, Chicago, Ill. 60605. Itinerary: Chicago, New York. WTD in preparation.

New Books and Reports

***Capital Markets Study: General Report and Statistical Annex.* Published by the OECD. Paris. 1967. 2 Vols. Report, $6; annex, $4.50.**

This report was prepared by the Committee for Invisible Transactions, which supervises the implementation of the Codes of Liberalization of Current Invisible Operations and of Capital Movements.

Topics covered are: needs for finance, formation of savings, functioning of financial markets, and links between national financial markets.

The statistical annex presents tables on: non-financial operations, financial operations, and an analysis of the financial system.

Write: OECD Publications Center, Suite 1305, 1750 Pennsylvania Ave. NW., Washington, D.C. 20006.

***Education in Community Development: Its Function in Technical Assistance.* By James J. Shields, Jr. Published by Frederick A. Praeger, Inc. New York. 1967. 150pp. $10.**

Old and new educational practices have received their severest tests in the community development programs undertaken in developing nations, according to this book.

The functions, philosophy and operations of the Agency for Internationad Development and its predecessors are analyzed, as are the work of the community development adviser, national training programs for community developers, and methods of participant training in the United States and elsewhere.

Write: Frederick A. Praeger, Inc., Publishers, 111 Fourth Ave., New York. N.Y. 10003.

***Studies in Trade Liberalization.* By Bela Balassa & Assoc. Published by The Johns Hopkins Press. 1967. 346pp. $11.50.**

Economists, businessmen, bankers, the trading and investment community, and others concerned with efforts to liberalize the flow of trade among the industrially advanced countries may find this book helpful.

Specialists analyze the major industrial nations, considering the implications of possible alternative approaches to trade liberalization. These include: an Atlantic Free Trade Area, periodic tariff reductions under the most-favored-nation clause, European integration, and a trade arrangement among the industrial nations outside the EEC. Separate studies are devoted to the United States, Canada, the European Common Market, the U.K., the Scandinavian countries, and Japan.

Write: The Johns Hopkins Press, Baltimore, Md. 21218.

***Overseas Business Reports.* U.S. Department of Commerce, Washington, D.C. 1967. $13 per year ($5 additional for overseas mailing), 15 cents per copy.**

U.S. Trade with Major World Areas, Half Years 1966 and Jan.-June 1967. OBR 67-61. This report was prepared from basic data of the Bureau of the Census. U.S. export statistics cover all merchandise shipped from the U.S. customs area, excluding supplies to U.S. Armed Forces abroad and including shipments under AID and PL-480 programs. Import statistics cover all foreign merchandise received in the U.S. customs area. Four tables are presented: U.S. exports of principal commodities to major world areas, U.S. imports of principal commodities from major world areas, U.S. exports by major end-use categories

Two new World Bank reports are released

Two new monographs in the series of World Bank Staff Occasional Papers have just been published. The series makes research work done within the World Bank available to others engaged in the practice of economic development.

The reports are entitled *The Export Experience of Developing Countries,* by Barend A. de Vries, and *Sector and Project Planning in Transportation,* by Hans A. Adler.

The books are available at $1.50 each from The John Hopkins Press, Baltimore, Md. 21218.

to principal areas and countries, and U.S. imports by major end-use categories.

Foreign Trade Regulations of Singapore. OBR 67-73. Information is included on trade policy, import tariff system, special customs provisions, internal taxes, shipping documents, marking and labeling requirements, non-tariff import controls, Singapore's export controls, U.S. controls and government representation.

Foreign Trade Regulations of the Philippines. OBR 67-75. Topics are included on the Philippines similar to those listed above in the Singapore report.

Write: any Department of Commerce field office or Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

***Nepal Industrial Digest.* Published by the Nepal Industrial Development Corp. Nepal. Sept. 1967. 116pp. 20 cents plus postage.**

The second annual edition of this publication has just been released. It updates the previous issue's coverage of industrialization progress in Nepal, and is intended to acquaint prospective investors with the facilities of the Nepalese government and financial institutions for the establishment, expansion and modernization of industry in Nepal.

Articles in this issue include: diversification of trade, the jute industry in Nepal, import substitution in underdeveloped countries, private foreign investment in Nepal, and national transport organization.

The Seventh Annual Report, for fiscal year 1965-66, is also available from the Nepal Industrial Development Corp.

Write: Nepal Industrial Development Corp., Judha Road, Kathmandu, Nepal.

***Alternate Commercial Policies: Their Effect on the American Economy.* By Mordechai E. Kreinin. Published by Michigan State University. East Lansing. 1967. 148pp. $6.**

This book examines the possibility of an Atlantic Free Trade Area, which would constitute a departure from present-day trading arrangements among industrial nations.

The author provides estimates of its effect on the U.S. balance of trade, on the U.S. capital account, on aggregate U.S. domestic welfare, money income and employment, as well as its impact on individual industries. The effect on the American economy is also considered for three alternatives: an Atlantic Free Trade Area including the EEC; Europe's two regional groups; and a 50% tariff reduction under the most-favored-nation clause.

Write: Division of Research, Graduate School of Business Administration, Michigan State University, East Lansing, Mich. 48823.

***Survey of Export Markets for Machine Tools.* Published by the National Machine Tool Builders' Assn. Washington, D.C. 1967. Approx. 200pp. $10.**

This publication analyzes the machine tool market in 24 countries. Such information is included for each country as: trade policy, tariff structure, advertising, customs, shipping documents, import and export controls, rates of duty, and tables showing U.S. exports of machine tools by year and by type of machine.

Write: National Machine Tool Builders' Assn., 2139 Wisconsin Ave. NW., Washington, D.C. 20007.

Dept. of Agriculture offers commodity circulars

The Foreign Agricultural Service issues circulars on individual commodities at irregular intervals during the year. U.S. residents may be placed on their mailing lists without charge.

Foreign Agriculture Circulars are issued for the following commodities: canned deciduous fruits; citrus fruits; cocoa; coffee; cotton; dairying; deciduous fruits; dried fruits; dried pulses; fats and oils; grains (other than rice); honey; hops; livestock and meat; nuts; poultry and eggs; rice; seeds (field and vegetable); sugar; tea, spices and other tropical products; tobacco; vegetable fibers; and wool.

A monthly summary of statistics on world production and trade in the principal commodities, World Agricultural Production and Trade Statistical Report, is also available upon request.

Write: Information Service Branch, FAS, Room 5918; U.S. Department of Agriculture; Washington, D.C. 20250.

***Facts About the Danish Market.* Published by Berlingske Tidende. Copenhagen. 1967. 24pp. Free.**

This brochure, prepared by a Copenhagen newspaper, contains information on Denmark's population, trade with the United States, economic law and advertising.

It points out that since World War II Denmark has become a full-fledged social welfare state, and has changed from an agricultural country into an industrial one. Denmark now imports both raw materials and manufactured goods. The United States is the fourth main supplier to Denmark.

Write: Joshua B. Powers, Inc., 551 Fifth Ave., New York, N.Y. 10017.

***Directory of Directors.* Published by The Financial Post, Canada. 1967. 726pp. $19.**

The 1967 edition of this annual volume lists Canada's top businessmen, industrialists, their companies and addresses.

The new edition lists some 12,000 Canadian directors and company officials, their executive positions and directorships. Nearly 2,300 Canadian companies, their boards of directors and executive officers, are included.

The Directory is a reference for identifying executives who make the important decision for Canada's business community.

Write: The Financial Post, 481 University Ave., Toronto 2, Canada.

***Foreign Market Surveys.* U.S. Dept of Commerce. $3 for hardcover. 65¢ for microfiche.**

The following new titles are available in this series of studies prepared by overseas market research firms for use in planning the Office of International Trade Promotion's various export expansion activities:

Hospital Equipment in Italy. PB 176 772.

Hospital Equipment in Japan. PB 176 785.

Production Equipment for the Electronics Industry in the United Kingdom. PB 176 790.

Hospital Equipment in Sweden. PB 176 791.

Industrial Furnaces in Italy. PB 176 792.

Write: Clearinghouse for Federal Scientific & Technical Information, U.S. Dept. of Commerce, Springfield, Va. 22151.

☆ U. S. GOVERNMENT PRINTING OFFICE: 1968—301-559/27

Calendar *for international traders*

BECKLEY, W. Va.—Jan. 24—Int'l Trade Seminar, Conference Room, Beckley-Raleigh County Chamber of Commerce, 10 a.m. Sponsors: Charleston Commerce Field Office, REEC, Small Business Admin., Chamber of Commerce.

BETHLEHEM, Pa.—Jan. 31—World Trade Assn. of Lehigh Valley monthly meeting, Holiday Inn East, 6 p.m.

BOSTON—Feb. 8—Int'l Center of New England Day, Paddock Club, Suffolk Downs.

CHICAGO—Jan. 31—In-Office Meeting, Commerce Field Office.

CHICAGO—Feb. 8—Int'l Trade Club of Chicago, LaSalle Hotel.

CHICAGO—Feb. 13—Automotive Exporters' Club of Chicago, Builders Building.

CHICAGO—Feb. 15—In-Office Meeting, Commerce Field Office.

CHICAGO—Feb. 28-29—Chicago World Trade Conference, LaSalle Hotel. Sponsors: Int'l Trade Club of Chicago, Chicago Assn. of Commerce & Industry.

COLUMBUS, Ohio—Jan. 24—Meeting on Establishing Int'l Distribution Channels & Market Research Tools, 10:30 a.m. Sponsors: Columbus Area Chamber of Commerce, Int'l Trade Committee, Commerce Field Office.

COLUMBUS, Ohio—Feb. 21—Meeting on Export Financing (Credit and Foreign Investment, FCIA), 10:30 a.m. Sponsors: Columbus Area Chamber of Commerce, Int'l Trade Committee, Commerce Field Office.

DALLAS—Jan. 24—U.S./Canadian Conference, 2100 Adolphus Tower, 9 a.m.-12 noon; consultations, 1:30-5 p.m. Sponsors: Canadian Consulate, Commerce Field Office, REEC.

HONOLULU—Feb. 8—Hawaii Industrial Week luncheon & conference, Honolulu Int'l Center, 12 noon. Speaker: William R. Norwood, High Commissioner, Trust Territories. Sponsors: Commerce Field Office, REEC, Hawaii Manufacturers Assn., Chamber of Commerce of Hawaii.

Calendar deadline

Information for publication must be received three weeks before the date of the announced event. Include time, place, sponsoring organization and special topic, if applicable. Meetings must be open to the public in order to be publicized in this space. **Write:**

Managing Editor,
International Commerce
BIC-204
U.S. Department of Commerce
Washington, D.C. 20230.

HUNTINGTON, W. Va.—Feb. 7—Developing & Establishing Export Markets, Conference Room, Greater Huntington Chamber of Commerce, 10 a.m. Sponsors: Charleston Commerce Field Office, REEC, Small Business Admin., Chamber of Commerce.

KANSAS CITY—Jan. 25—In-Office Workshop for Exporters, Federal Office Bldg. Sponsors: Commerce Field Office, REEC.

KANSAS CITY—Feb. 8—In-Office Workshop for Exporters, Federal Office Bldg. Sponsors: Commerce Field Office, REEC.

KANSAS CITY—Feb. 13—Meeting for Exporters, U.S. Int'l Trade Policy, 12 noon. Sponsors: Commerce Field Office, REEC, Int'l Trade Club.

KANSAS CITY—Feb. 29—In-Office Workshop for Exporters, Federal Office Bldg. Sponsors: Commerce Field Office, REEC.

LOS ANGELES—Jan. 26—Export Expansion Seminar, Commerce Field Office, 9:30 a.m. Sponsor: Commerce Field Office.

MIAMI—Jan. 25—In-Office Export Workshop on Export Credit Guarantees, Commerce Field Office, 10 a.m. Sponsors: Commerce Field Office, REEC.

NEW YORK—Feb. 1-2—Businessmen's Consultation, **Natale H. Bellocchi, Ass't Commercial Attache, Taipei/to Hong Kong.** Sponsor: Commerce Field Office.

NEW YORK—Feb. 21—Foreign Commerce Club of N.Y., Air Transportation Night, Grand Ballroom, Hotel Commodore.

PARKERSBURG, W. Va.—Feb. 21—Developing and Establishing Export Markets, Conference Room, Greater Parkersburg Chamber of Commerce, 10 a.m. Sponsors: Charleston Commerce Field Office, REEC, Small Business Admin., Chamber of Commerce.

PEORIA, Ill.—Jan. 25—Int'l Trade Seminar, Peoria Assn. of Commerce.

RIVERSIDE, Cal.—Jan. 25—Export Expansion Seminar, Riverside County Dept. of Development, 9 a.m. Sponsors: Los Angeles Commerce Field Office, Dept. of Development, San Bernardino County Economic Development Commission.

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